



Office of the Governor

JIM GIBBONS
GOVERNOR

March 23, 2009

The Honorable Steven Chu, Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

RE: Governor's Assurance Certification in accordance with the Section 410 of Recovery Act

Dear Secretary Chu:

As a condition of receiving \$34,714,000 funding for the State Energy Program ("SEP") under Section 410 of the American Recovery and Renewal Act of 2009 (H.R. 1) (ARRA), please find the enclosed signed Governor's Assurance Certification DE-FOA-0000052.

I want to assure you that the State of Nevada will meet the requirements of Section 410 of the ARRA. To amplify the attached general assurance certification, I offer the following:

For the first assurance, Nevada has been proactive and already has several provisions in the law promulgating a regulatory framework to promote energy efficiency for electric and gas utilities while maintaining on going financial incentives for many years. The policies behind these laws are as follows:

I) for electric utilities

NRS 704.741 Plan to increase supply or decrease demands: Triennial submission required; contents prescribed by regulation; requirements.

1. A utility which supplies electricity in this State shall, on or before July 1 of every third year, in the manner specified by the Commission, submit a plan to increase its supply of electricity or decrease the demands made on its system by its customers to the Commission.
2. The Commission shall, by regulation, prescribe the contents of such a plan including, but not limited to, the methods or formulas which are used by the utility to:
 - (a) Forecast the future demands; and
 - (b) Determine the best combination of sources of supply to meet the demands or the best method to reduce them.

3. The Commission shall require the utility to include in its plan an energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel. The energy efficiency program must include, without limitation, the use of new solar thermal energy sources.

(Added to NRS by 1983, 886; A 1987, 961; [2007, 2986](#))

NRS 704.751 Order accepting plan or specifying inadequacies; order accepting amendment to plan or specifying inadequacies; recovery of costs from customers.

1. After a utility has filed the plan required pursuant to [NRS 704.741](#), the Commission shall issue an order accepting the plan as filed or specifying any portions of the plan it deems to be inadequate:

(a) Within 135 days for any portion of the plan relating to the energy supply plan for the utility for the 3 years covered by the plan; and

(b) Within 180 days for all portions of the plan not described in paragraph (a).

2. If a utility files an amendment to a plan, the Commission shall issue an order accepting the amendment as filed or specifying any portions of the amendment it deems to be inadequate within 135 days of the filing of the amendment.

3. All prudent and reasonable expenditures made to develop the utility's plan, including environmental, engineering and other studies, must be recovered from the rates charged to the utility's customers.

(Added to NRS by 1983, 887; A 1989, 1014; [2007, 1774](#))

The Public Utility Commission of Nevada (PUCN) adopted demand side regulation on May 25, 2004 to implement the law in three steps: planning, verification, and accounting/cost recovery (energy efficiency equity adder methodology).

II) for gas utilities

NRS 704.992 Establishment of methods and programs to encourage natural gas utilities to support energy conservation.

1. The Commission shall adopt regulations to establish methods and programs for a public utility which purchases natural gas for resale that remove financial disincentives which discourage the public utility from supporting energy conservation, including, without limitation:

(a) Procedures for a public utility which purchases natural gas for resale to have a mechanism established during a general rate application filed pursuant to [NRS 704.110](#) to ensure that the costs of the public utility for providing service are recovered without regard to the difference in the quantity of natural gas actually sold by the public utility by taking into account the adjusted and annualized quantity of natural gas sold during a test year and the growth in the number of customers of the public utility;

(b) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of an activity relating to increasing energy efficiency or energy conservation; and

(c) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for the recovery of costs associated with an activity approved by the Commission pursuant to paragraph (b).

2. The regulations adopted pursuant to subsection 1 must ensure that the methods and programs consider the recovery of costs, stabilization of revenue and any reduction of risk for the public utility which purchases natural gas for resale.

(Added to NRS by [2007, 2977](#))

The PUCN has already adopted regulations for the implementation of energy efficiency equity adder methodology (September 3, 2008) and energy efficiency decoupling methodology (January 22, 2009).

For the second assurance, Nevada law (NRS 701.220) enacted in 2005 has mandated that the Director of Nevada State Office of Energy (NSOE) in the Office of the Governor adopt the most recent version of International Energy Conservation Code (IECC). The policy behind this act is as follows:

NRS 701.220 Adoption of regulations for energy conservation in buildings; exemptions; applicability and enforcement; procedures for adoption.

1. The Director shall adopt regulations for the conservation of energy in buildings, including manufactured homes. Such regulations must include the adoption of the most recent version of the *International Energy Conservation Code*, issued by the International Code Council, and any amendments to the *Code* that will not materially lessen the effective energy savings requirements of the *Code* and are deemed necessary to support effective compliance and enforcement of the *Code*, and must establish the minimum standards for:

- (a) The construction of floors, walls, ceilings and roofs;
- (b) The equipment and systems for heating, ventilation and air-conditioning;
- (c) Electrical equipment and systems;
- (d) Insulation; and
- (e) Other factors which affect the use of energy in a building.

↪ The regulations must provide for the adoption of the most recent version of the *International Energy Conservation Code*, and any amendments thereto, every third year.

2. The Director may exempt a building from a standard if he determines that application of the standard to the building would not accomplish the purpose of the regulations.

3. The regulations must authorize allowances in design and construction for sources of renewable energy used to supply all or a part of the energy required in a building.

4. The standards adopted by the Director are the minimum standards for the conservation of energy and energy efficiency which apply only to areas in which the governing body of the local government has not adopted standards for the conservation of energy and energy efficiency in buildings. Such governing bodies shall assist the Director in the enforcement of the regulations adopted pursuant to this section.

5. The Director shall solicit comments regarding the adoption of regulations pursuant to this section from:

- (a) Persons in the business of constructing and selling homes;
- (b) Contractors;
- (c) Public utilities;
- (d) Local building officials; and
- (e) The general public,

↪ before adopting any regulations. The Director must conduct at least three hearings in different locations in the State, after giving 30 days' notice of each hearing, before he may adopt any regulations pursuant to this section.

(Added to NRS by 1985, 1794; A [2001, 1251, 3266](#); [2003, 32](#); [2005, 22nd Special Session, 76](#))

I have directed NSOE to introduce a bill and work with the 2009 Nevada Legislators and local governments for the modification of NRS 701.220 subsection 4, so that the governing body of a local government that enforces a building code shall adopt and enforce the standards adopted by NSOE as the minimum standards. This bill was prefilled as SB 73 on December 15, 2008 (<http://www.leg.state.nv.us/75th2009/Bills/SB/SB73.pdf>) and the Legislature is currently considering this measure.

I am also directing the Director of NSOE to adopt the 2009 IECC and work with local governments to develop a plan that achieves 90 percent compliance with the codes within eight years. The 2009 IECC references ANSI/ASHRAE/IESNA Standard 90.1-2007 as an option for compliance with the commercial portion of the code. This plan will include active training and enforcement programs and will measure the rate of compliance each year.

For the third assurance, we are prioritizing our energy investments to take advantage of existing programs and expand programs where appropriate. Nevada is committed to maintaining our proactive

The Honorable Steven Chu, Secretary

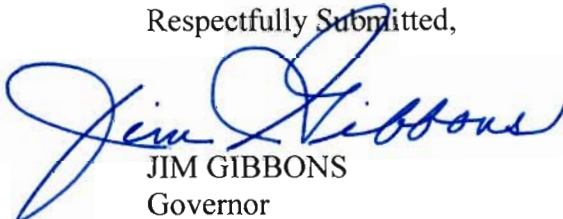
March 23, 2009

Page 4 of 5

legislative and executive level policies and business friendly environment toward advancement of energy efficiency and renewable energy developments. Nevada is the only state which encourages the development of LEED commercial green buildings through property tax abatements. I have issued executive orders to streamline the permitting process for renewable energy development and created the renewable energy transmission access advisory committee (RETAAC). RETAAC identified Nevada's renewable energy zones, assessed current and needed transmission lines, analyzed the land and military restrictions and the cost of needed transmission lines. We have established a 501(c)(3) organization to build these feeder lines so that our renewable energy zones can be connected to the interstate transmission lines. Furthermore, the state Legislature and I are currently considering several measures for the further development of our renewable energy resources in the state.

NSOE has been administering the SEP programs and will also administer the ARRA SEP funds. We look forward to the immediate distribution and effective use of the Federal ARRA SEP funds to permit Nevada to continue its effort in energy efficiency and renewable energy. If you or your staff requires more information, please contact Dr. Hatice Gecol, my Energy and Science Advisor and Director of NSOE at 775-684-5675 or hgecol@gov.nv.gov

Respectfully Submitted,



JIM GIBBONS
Governor

Enclosure

cc: Majority Leader Senator Harry Reid
Senator John Ensign, (R-NV)
Congresswoman Shelley Berkley, (D-NV)
Congressman Dean Heller, (R-NV)
Congresswoman Dina Titus, (D-NV)
Michael Schneider, Chairman, Senate Committee on Energy, Infrastructure and Transportation
Marcus Conklin, Chairman, Assembly Committee on Commerce and Labor
Gil Sperling, Director, Office of Weatherization and Intergovernmental Programs,
U. S. Department of Energy
David Terry, Executive Director, National Association of State Energy Officials
Dr. Hatice Gecol, Director, Office of the Governor, Nevada State Office of Energy
Jo Ann Kelly, Chairman, Public Utilities Commission of Nevada

NEVADA GOVERNOR'S ASSURANCE CERTIFICATION

By signing below, Nevada Governor is providing his written certification that he will comply with and obtain the following assurances in accordance with Section 410 of the Recovery Act.

(1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, under its rate-making authority a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

(2) The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

(A) A residential building energy code (or codes) that meets or exceeds the most recent International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A commercial building energy code (or codes) throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1-2007, or achieves equivalent or greater energy savings.

(C) A plan to achieve 90 percent compliance with the above energy codes within eight years. This plan will include active training and enforcement programs and annual measurement of the rate of compliance.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including

A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded by the State or through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this section.


Nevada State Governor's Signature

March 23, 2009

Date