



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

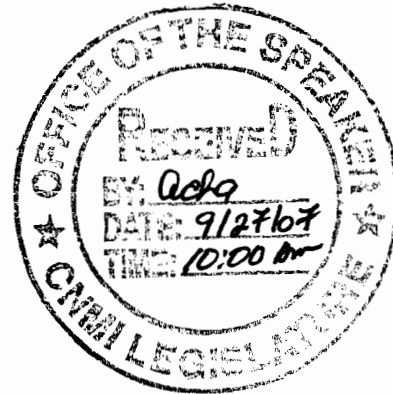
**Benigno R. Fitial**  
Governor

**Timothy P. Villagomez**  
Lieutenant Governor

The Honorable Oscar M. Babauta  
Speaker, House of Representatives  
Fifteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950

SEP 26 2007

The Honorable Joseph M. Mendiola  
Senate President, The Senate  
Fifteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950



Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 15-263, HS1, entitled, "To amend certain sections of Public Law 15-23; and for other purposes. The bill was passed by the House of Representatives and the Senate of the Fifteenth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 15-87**. Copies bearing my signature are forwarded for your reference.

Sincerely,

BENIGNO R. FITIAL

- cc: Lt. Governor  
Attorney General, Office of the Attorney General  
Executive Director, Commonwealth Utilities Corporation  
Chairperson, Public Utilities Commission  
Secretary, Department of Finance  
Secretary, Department of Commerce  
Secretary, Department of Public Works  
Executive Director, Commonwealth's Law Revision Commission  
Special Assistant for Programs and Legislative Review



*The House of Representatives*  
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
P.O. BOX 500586  
SAIPAN. MP 96950

August 22, 2007

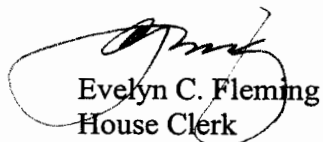
**PUBLIC LAW NO. 15-87**

The Honorable Timothy P. Villagomez  
Acting Governor  
Commonwealth of the Northern  
Mariana Islands  
Capitol Hill  
Saipan, MP 96950

Dear Acting Governor Villagomez:

I have the honor of transmitting herewith for your action **H. B. No. 15-263, HS1**, entitled: "An Act to amend certain sections of Public Law 15-23; and for other purposes," which was passed by the House of Representatives and the Senate of the Fifteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,

  
Evelyn C. Fleming  
House Clerk

Attachment



**HOUSE OF REPRESENTATIVES**  
**FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE**  
FOURTH SPECIAL SESSION, 2007

**PUBLIC LAW NO. 15-87**  
**H. B. No. 15-263, HS1**

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**AN ACT**

To amend certain sections of Public Law 15-23; and for other purposes.

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**In the HOUSE OF REPRESENTATIVES**

**Offered by Representatives:** Manuel A. Tenorio, Francisco S. Dela Cruz,  
Joseph P. Deleon Guerrero, Arnold I. Palacios, Benjamin B. Seman and  
Ramon A. Tebuteb

**Date:** May 15, 2007

Referred to: Committee on Public Utilities, Transportation, and Communications  
Public Hearing: None  
Standing Committee Report 15-68

**Passed Final Reading on June 27, 2007**

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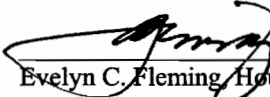
**In the SENATE**

Referred to: Committee on Public Utilities, Transportation, and Communications  
Public Hearing: None  
Standing Committee Report: None

**Passed Final Reading on August 16, 2007**

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Evelyn C. Fleming, House Clerk



HOUSE OF REPRESENTATIVES  
FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
FOURTH SPECIAL SESSION, 2007

PUBLIC LAW NO. 15-87  
H. B. No. 15-263, HS1

AN ACT

To amend certain sections of Public Law 15-23; and for other purposes.

BE IT ENACTED BY THE FIFTEENTH NORTHERN MARIANAS COMMONWEALTH  
LEGISLATURE:

1           **Section 1. Findings and Purpose.** The Legislature finds that Public Law 15-23  
2 established incentives for producing electricity using alternative or renewable energy.  
3 However, Public Law 15-23 limits the scope in which a customer-generator or a private  
4 power producer could produce and sell electricity produced by renewable energy to the  
5 Commonwealth Utilities Corporation or a utility company.

6           The Legislature further finds that with the cost of fuel still on the rise, it is imperative  
7 that the Commonwealth utilize electricity produced by renewable energy on a large scale  
8 basis, if possible. Moreover, flooding the power grid with electricity produced by renewable  
9 energy would drive down the price of fossil fuel. Accordingly, the purpose of this legislation  
10 is to amend Public Law 15-23 to allow customer-generator or private power producers to  
11 produce and sell electricity produced by renewable energy to the Commonwealth Utilities  
12 Corporation on a large scale basis and to provide for incentives for the production of  
13 renewable energy in the Commonwealth.

14           It is the intent of the Legislature that the Commonwealth Utilities Corporation  
15 integrate the use of renewable energy into its power system as soon as feasible so as to  
16 alleviate the cost of purchasing fuel each month for its diesel generators. Although this Act  
17 includes specific deadlines for establishing renewable portfolio standards, the  
18 Commonwealth Utilities Corporation should not delay the implementation of the renewable  
19 portfolio standards until the occasion of such deadlines. Utilizing renewable energy to

1 produce power today would significantly reduce the cost of producing electricity, thereby  
2 decreasing the cost of purchasing electricity for the people of the Commonwealth.

3 **Section 2. Amendment.** Title 4, Division 8, Chapter 6 of the Commonwealth Code,  
4 as established by Public Law 15-23, is amended to read as follows:

5 **“CHAPTER 6: Energy.**

6 **Article 1. High Performance Buildings Standards Act *Reserved.***

7 **Article 2. Renewable Portfolio Standards.**

8 **§ 8621. Definitions.** As used in this Chapter, the following words and phrases shall  
9 have the meanings given to them in this section unless the context clearly indicates  
10 otherwise:

11 (a) “Cost-effective” shall mean the ability to produce or purchase electric  
12 energy or firm capacity, or both, from renewable energy resources at or below  
13 avoided costs.

14 (b) “Electric utility” shall mean the Commonwealth Utilities Corporation  
15 and/or its successor in interest (“CUC”) and any other provider of retail electric  
16 service in the Commonwealth.

17 (c) “Regulator” shall mean the Commonwealth Public Utilities Commission,  
18 or its successor in interest, or if no such commission exists, the Board of the  
19 government-owned utility.

20 (d) “Renewable energy” shall mean:

21 (1) electrical energy produced by wind, solar energy, hydropower,  
22 landfill gas, waste to energy, geothermal resources, ocean thermal energy  
23 conversion, ocean wave or current energy, biomass, including municipal solid  
24 waste, biofuels, or fuels derived from organic sources (other than coal, oil or  
25 gas), hydrogen fuels derived from renewable energy, or fuel cells where the  
26 fuel is derived from renewable sources; and/or

27 (2) electrical energy savings brought about by the use of:

- 1 (i) solar or heat pump water heating,
- 2 (ii) seawater air-conditioning district cooling systems,
- 3 (iii) solar air-conditioning and ice storage,
- 4 (iv) quantifiable energy efficiency and energy conservation
- 5 measures, including insulation in excess of the standards required in
- 6 the Commonwealth's Building Code,
- 7 (v) use of rejected heat from co-generation, and
- 8 (vi) combined heat and power systems, but excluding:
  - 9 (A) fossil-fueled qualifying facilities that sell
  - 10 electricity to electric utility companies, and
  - 11 (B) central station power projects.

12 (3) Where bio fuels, hydrogen, or fuel cell fuels are produced by a  
13 combination of renewable and nonrenewable means, the proportion  
14 attributable to the renewable means shall be credited as renewable energy.

15 (4) Where fossil and renewable fuels are co-fired in the same  
16 generating unit, the unit shall be considered to produce renewable electricity  
17 in direct proportion to the percentage of the total heat value represented by the  
18 heat value of the renewable fuels.

19 (e) "Renewable portfolio standard" shall mean the required percentage of  
20 electrical energy sales that is represented by renewable energy:

- 21 (1) produced by facilities which the electric utility owns or controls; or
- 22 (2) which the utility has a right to receive by contract with an
- 23 independent power producer.

24 **§ 8622. Renewable Portfolio Standard.**

25 (a) Each electric utility shall establish a renewable portfolio standard of:

- 26 (1) Ten percent of its net electricity sales on or before December 31,
- 27 2008;

1 (2) Twenty percent of its net electricity sales on or before  
2 December 31, 2010;

3 (3) Forty percent of its net electricity sales on or before December 31,  
4 2012;

5 (4) Eighty percent of its net electricity sales on or before December  
6 31, 2014;

7 **§ 8623. Achieving Portfolio Standard.** [No change.]

8 The electric utilities may aggregate their renewable portfolios in order to achieve the  
9 renewable portfolio standard. If requested, the regulator shall determine on an evidentiary  
10 record if an electric utility company is unable to meet the renewable portfolio standards in a  
11 cost-effective manner, or as a result of circumstances beyond its control which could not  
12 have been reasonably anticipated or ameliorated. If this determination is made, the electric  
13 utility company shall be relieved of some or all of its responsibility for meeting the  
14 renewable portfolio standard for the period of time that it is unable to meet the standard.

15 **§ 8624. Waivers, Extensions and Incentives.**

16 (a) An electric utility company not meeting the renewable portfolio standard shall  
17 report to the regulator in writing within 30 days following the goal date established in § 8622  
18 and provide a detailed explanation for not meeting the renewable portfolio standard.

19 (b) The regulator, after public notice and an evidentiary hearing, may:

20 (1) grant a waiver from the renewable portfolio standard;

21 (2) grant an extension for meeting the prescribed standard;

22 (3) levy a civil fine of up to \$10,000 per day for failure to meet the standard;

23 (4) provide incentives to encourage electric utility companies to exceed their  
24 renewable portfolio standards or to meet their renewable portfolio standards ahead of  
25 time, or both.

1           **§ 8625. Renewable Portfolio Standards Study.**

2           The regulator shall:

3                   (a) By December 31, 2008, develop and implement a utility rate structure and  
4           independent power producer contract standards, which may include but is not limited  
5           to,

6                           (1) performance-based ratemaking to provide incentives that  
7           encourage the Commonwealth's electric utilities to use cost-effective  
8           renewable energy resources found in the Commonwealth,

9                           (2) in order to meet the renewable portfolio standards established in  
10          this Act,

11                          (3) while allowing for deviation from the standards in the event that  
12          the standards cannot be met in a cost-effective manner, or as a result of  
13          circumstances beyond the control of an electric utility which could not have  
14          been reasonably anticipated or ameliorated;

15                   (b) By December 31, 2008, conduct a study and publish its findings and  
16          conclusions to:

17                           (1) determine the extent to which any proposed utility rate structure or  
18          independent power producer contract would impact electric utility companies'  
19          profit margins, and how to avoid cutting profits solely by reason of the  
20          proposed rate structure;

21                           (2) determine the capability of the Commonwealth's electric utility  
22          utilities to achieve renewable portfolio standards in a cost-effective manner;

23                           (3) assess factors such as the impact on consumer rates, utility system  
24          reliability and stability, costs and availability of appropriate renewable energy  
25          resources and technologies, permitting approvals, impacts on the economy,  
26          culture, community, and environment; and



1 (4) evaluate tax incentives and other strategies to attract independent  
2 power producers who would use renewable sources of energy; and

3 (5) to assess whether the renewable portfolio standards should be  
4 reset.

5 **Article 3. Net Energy Metering**

6 **§ 8631. Definitions.**

7 As used in this Article, the following words and phrases shall have the meanings  
8 given to them in this section unless the context clearly indicates otherwise:

9 (a) "Available capacity" shall mean the capacity available to the electric  
10 utility's system after factoring nameplate rating, times efficiency factor, times  
11 demonstrable hours of operation divided by total 8760 hours per year.

12 (b) "Control area" shall mean each of the islands which the electric utility  
13 serves.

14 (c) "Electric utility" shall mean the Commonwealth Utilities Corporation  
15 and/or its successor in interest ("CUC") and any other provider of retail electric  
16 service in the Commonwealth.

17 (d) "Eligible customer-generator" shall include any independent power  
18 producers ("IPP") and shall mean an electric utility's metered residential or  
19 commercial customer, or contracted generation station including a government entity,  
20 who owns and operates, or will own and operate, a renewable energy system to  
21 generate electricity that is:

22 (1) Located on the customer's premises or a remote station;

23 (2) Operated in parallel with the utility's transmission and distribution  
24 facilities;

25 (3) In conformance with the utility's reasonable and lawful  
26 interconnection requirements; and

1 (4) Intended primarily to offset part or all of the customer's own  
2 electrical requirements, or

3 (5) Intended primarily to fulfill an electric contract to sell power to the  
4 utility or a third party customer.

5 (e) "Energy service company" or "ESCO" is a business that develops, installs,  
6 and finances projects designed to improve the energy efficiency and maintenance  
7 costs for facilities over a seven-to ten year time period, which project expenses,  
8 capital investments and fees are bundled into the project's cost and are repaid through  
9 a portion of the dollar savings generated. The ESCO is a business which generally  
10 acts as a project developer for a wide range of tasks and assumes the technical and  
11 performance risk associated with the project. Typically, the ESCO offers the  
12 following services: develop, design, and finance energy efficiency projects; install  
13 and maintain the energy efficient equipment involved; measure, monitor, and verify  
14 the project's energy savings; and assume the risk that the project will save the amount  
15 of energy guaranteed.

16 (f) "Energy service contract" shall mean a contract between a facilities owner  
17 or manager, including the Government, and an energy service company or an  
18 independent power producer.

19 (g) "Independent Power Producer" shall mean an entity who generates  
20 electricity for public or private use solely through its ownership of a private energy  
21 power production facility; provided it is not a public utility, or a holding company or  
22 subsidiary of a public utility.

23 (h) "Net energy metering" shall mean measuring with a mechanical and/or  
24 electronic device the difference between the electricity supplied through the electric  
25 grid and the electricity generated by an eligible customer-generator and fed back to  
26 the electric grid over a monthly billing period; provided that:

1 (1) Net energy metering shall be accomplished using a single meter  
2 capable of registering the flow of electricity in two directions;

3 (2) An additional meter or meters to monitor the flow of electricity in  
4 each direction may be installed with the consent of the customer-generator, at  
5 the expense of the electric utility, and the additional metering shall be used  
6 only to provide the information necessary to accurately bill or credit the  
7 customer-generator, or to collect renewable energy generating system  
8 performance information for research purposes;

9 (3) If the existing electric meter of an eligible customer-generator is  
10 not capable of measuring the flow of electricity in two directions, the electric  
11 utility shall be responsible for all expenses involved in purchasing and  
12 installing a meter that is able to measure electricity flow in two directions;

13 (4) If an additional meter or meters are installed, the net energy  
14 metering calculation shall yield a result identical to that of a single two-  
15 directional meter; and

16 (i) "Net electricity consumer shall mean an eligible customer-generator who,  
17 at the end of each monthly billing period, has consumed electricity where:

18 (1) the electric utility's delivery of electricity to the customer exceeds

19 (2) the sum of:

20 (i) The electricity generated by the eligible customer-generator  
21 during that same period; and

22 (ii) Unused credits for excess electricity from the eligible  
23 customer-generator carried over from prior months since the last  
24 renewable energy-month reconciliation period.

25 (j) "Net electricity producer shall mean the eligible customer-generator who,  
26 at the end of each monthly billing period, has generated electricity during the month  
27 in an amount which exceeds the electricity supplied by the electric utility during that  
28 same period.

1 (k) "Regulator shall mean the Commonwealth Public Utilities Commission,  
2 or its successor in interest, or if no such commission exists, the Board of the  
3 government-owned utility.

4 (l) "Renewable energy system shall mean a generating system that uses a  
5 renewable energy source as defined in this Chapter, or a hybrid system consisting of  
6 two or more of these facilities.

7 **§ 8632. Net energy metering to be provided to eligible customer.** [No change.]

8 An eligible customer-generator shall be entitled to receive net energy metering  
9 service in accordance with this Article.

10 **§ 8633. Maximum capacity of eligible customer-generator.**

11 A customer shall be eligible for net energy metering for not more than ten megawatts  
12 of available capacity of a renewable energy system; provided that the regulator shall increase  
13 the maximum qualifying capacity by regulation or order upon a showing that the larger  
14 system will not unduly interfere with the electric utility's ability to properly manage its  
15 control area and that the financial impact of the service will not unduly harm the electric  
16 utility, or by order upon a showing that the increase will benefit the public by providing  
17 incentives to independent power producers.

18 **§ 8634. Standard contract or tariff; rate structure.**

19 (a) The electric utility shall develop a standard contract or tariff providing for  
20 net energy metering and shall make this contract or tariff available to eligible  
21 customer-generators, upon request, on a first-come-first-served basis until the time  
22 that the total available capacity produced by eligible customer-generators equals 30  
23 percent of the electric utility's system peak demand; provided that, on good cause  
24 shown, the regulator may increase, by rule or order, this percentage amount up to 120  
25 percent of the electric utility's system peak demand.

26 (b) Each net energy metering contract or tariff shall be identical, with respect  
27 to rate structure and other charges and fees, to the contract or tariff to which the same  
28 customer would be assigned if the customer were not an eligible customer-generator.  
29 The charges for all retail rate components for eligible customer-generators shall be

1 based exclusively on the eligible customer-generator's net kilowatt-hour consumption  
2 over a monthly billing period. Any new or additional demand charge, standby charge,  
3 customer charge, minimum monthly charge, interconnection charge, or other charge  
4 that would increase an eligible customer-generator's costs beyond those of other  
5 customers in the rate class to which the eligible customer-generator would otherwise  
6 be assigned are contrary to the intent of this section, shall not be charged and shall not  
7 form a part of a net energy metering contract or tariff.

8 (c) Subject to the constraints of this Section, the regulator may amend the rate  
9 structure, standard contract or tariff by rule or order.

10 **§ 8635. Limits on additional customer generators**

11 Notwithstanding the requirements of this Act, an electric utility shall not be obligated  
12 to provide net energy metering to additional customer-generators in a control area when the  
13 combined total peak available capacity of all eligible customer-generators in the control area  
14 equals 30 percent of the system peak demand of the control area; provided that the regulator  
15 may increase, by rule or order, this percentage amount, when it finds that no undue harm will  
16 likely come to the utility's ability to meet load by increasing the percentage up to 120 percent  
17 of the electricity utility's system peak demand.

18 **§ 8636. Calculation of net charges/benefits. [No change.]**

19 The net energy metering calculation shall be made by measuring the difference  
20 between the electricity which the electric utility delivered to the eligible customer-generator  
21 and the sum of:

22 (a) The electricity generated by the eligible customer-generator and fed back  
23 to the electric grid over a monthly billing period; and

24 (b) Any unused credits for excess electricity from the eligible customer-  
25 generator carried over from previous months since the last 12-month reconciliation  
26 period.

1           **§ 8637. Billing periods; 12-month reconciliation.**

2           (a) Billing of net energy metering customers shall be on a monthly basis;  
3 provided that the last monthly bill for each 12-month period shall reconcile for that  
4 12-month period the net electricity provided by the electric utility with:

5                   (1) The electricity generated by the eligible customer-generator and  
6 fed back to the electric grid over the monthly billing period; and

7                   (2) Any unused credits for excess electricity from the eligible  
8 customer-generator carried over from prior months since the last 12-month  
9 reconciliation period.

10          (b) Credits for excess electricity from the eligible customer-generator that  
11 remain unused after each 12-month reconciliation period may not be carried over to  
12 the next 12-month period, but shall be compensated as provided in this Article.

13          (c) Independent power producers engaged in an electric contract with the  
14 electric utility may be compensated monthly as provided in this Article.

15           **§ 8638. Net electricity consumers. [No change.]**

16          The net electricity consumer shall owe the electric utility for the customer's  
17 consumption in excess of the customer's production and credits. The eligible customer shall  
18 owe the electric utility for the excess monthly kilowatt-hour consumption calculated at the  
19 retail rate of the rate class the customer is normally assigned to. The eligible customer shall  
20 be responsible for all other charges and fees generally applicable to the customer's rate class.

21           **§ 8639. Net electricity producers; excess electricity credits and credit carry over.**

22          (a) The intent of this Article is that, for the 12-month billing period, the  
23 eligible customer-generator shall be fully compensated for his/her consumption  
24 through the production offset and credit calculations, and for the electric utility to buy  
25 the customer's excess production at 50% of the net energy metering rate or at the rate  
26 provided in an electric contract with an independent power producer which shall at no  
27 time exceed 50% of the fuel component cost required to produce the same power  
28 from fossil fuel or bio-fuels when available.

1 (b) Except as provided in an electric contract with an independent power  
2 producer, for a net electricity producer, the electric utility shall not ordinarily pay the  
3 customer monthly, but it may use the customer's excess electricity generated during  
4 the monthly billing period; and

5 (c) Except as provided in an electric contract with an independent power  
6 producer, the net electricity producer's monthly excess electricity production shall be  
7 carried over to the next billing month as a monetary value to the credit of the  
8 customer; and

9 (d) Except as provided in an electric contract with an independent power  
10 producer, monthly unused credits shall accumulate and be used to offset the  
11 compensation owed the electric utility for the customer's net kilowatt-hour  
12 consumption for succeeding months within each 12-month period; and

13 (e) The electric utility shall reconcile the eligible customer-generator's  
14 electricity production and consumption for each 12-month period as set forth in this  
15 Article, so that the aggregate credits shall be netted against the aggregate  
16 consumption charges for the 12-month period.

17 (f) Payment.

18 (1) Except as provided in an electric contract with an independent  
19 power producer, if the eligible customer-generator has paid during the 12-  
20 month period more than the 12-month reconciliation supports, the electric  
21 utility shall credit the customer for the overpayment on the next bill. If the  
22 customer leaves the system, the utility shall pay the customer the credit  
23 amount within the next billing month.

24 (2) Except as provided in an electric contract with an independent  
25 power producer, if the eligible customer-generator has, for the 12-month  
26 period, generated a net excess of electricity, the electric utility shall buy the  
27 excess at 50% of the rate applicable to the net energy metering calculation, or  
28 for such higher rate to which the parties have agreed in a purchase agreement

1 for excess electricity production. The utility shall pay the customer within the  
2 next billing month.

3 **§ 8640. Net electricity consumption or production information.**

4 The electric utility shall provide every eligible customer-generator and independent  
5 power producer with net electricity consumption or production information with each regular  
6 monthly bill, which shall include:

7 (a) The current monetary balance owed the electric utility for net electricity  
8 consumed;

9 (b) The net electricity produced since the end of the last monthly billing  
10 period; and

11 (c) An accounting of the credits for excess electricity produced by the eligible  
12 customer-generator since the last 12-month reconciliation period, which shows credits  
13 applied to the monthly billing period and any balance of unused credits.

14 (d) Any accounting required or monthly payments due according to an  
15 electric contract with an independent power producer.

16 **§ 8641. Termination of eligible customer-generators.** [No change]

17 If an eligible customer-generator relationship with the electric utility terminates, the  
18 electric utility shall reconcile for the 12-month period the eligible customer-generator's  
19 consumption and production of electricity, including any unused credits for excess electricity  
20 from the eligible customer-generator carried over since the last 12-month reconciliation.

21 **§ 8642. Safety and performance standards.** [No change.]

22 (a) A renewable energy system used by an eligible customer-generator shall  
23 meet all applicable safety and performance standards established by the National  
24 Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited  
25 testing laboratories such as the Underwriters Laboratories and, properly promulgated  
26 rules and regulations of the regulator regarding safety and reliability.

27 (b) An eligible customer-generator whose renewable energy system meets the  
28 standards and rules under subsection (a) of this Section shall not be required to install



1 additional controls, perform or pay for additional tests, or purchase additional liability  
2 insurance.

3 (c) If a regulator seeks to promulgate additional rules or regulations regarding  
4 safety and reliability, it shall bear a substantial burden to prove on an evidentiary  
5 record that any of the following are necessary on the part of the eligible customer-  
6 generator: install additional controls, perform or pay for additional tests, or purchase  
7 additional liability insurance. Nothing herein shall be interpreted to prevent the  
8 electric utility from, at its own expense, installing additional controls, performing or  
9 securing tests, or securing liability insurance.

10 **§ 8643. Business and tax effects.**

11 (a) Business effects.

12 (1) No business license shall be required solely by reason of the  
13 treatment of customer-generated electricity under this Act except as provided  
14 in paragraph (2) of this subsection.

15 (2) Independent power producers with an electric contract shall be  
16 required to hold a valid business license. The business license fee for  
17 independent power producers shall be \$1,000 per calendar year.

18 (b) Tax effects.

19 **Article 4. *Reserved.***

20 **Article 5. Government Use of Energy Efficient Products.**

21 **§ 8651. Energy efficient products and services.** [No change]

22 (a) The Department of Finance's Division of Procurement and Supply shall  
23 require all government agencies to select, where life-cycle cost-effective, products  
24 given the ENERGY STAR rating, or other equally-or -better energy efficient  
25 products, when acquiring energy-using products. For product groups where ENERGY  
26 STAR labels are not yet available, agencies may select products that are in the upper  
27 twenty-five per cent of energy efficiency as designated by the United States  
28 Department of Energy, Office of Energy Efficiency and Renewable Energy, Federal  
29 Energy Management Program, or its successor agency.

1 (b) Agency procurements shall incorporate energy efficient criteria consistent  
2 with designated energy efficiency levels into all guide specifications and project  
3 specifications developed for new construction and renovation, as well as into product  
4 specification language developed for purchasing. Such criteria shall be designed to  
5 attain at least LEED silver ratings and procure equipment at least as energy efficient  
6 as ENERGY STAR-rated equipment.

7 **§ 8652. Energy efficient purchases.** [No change.]

8 (a) If an agency determines that initial costs render an otherwise cost-  
9 effective energy efficient purchase unaffordable, it shall request that the Department  
10 of Finance, Division of Procurement and Supply, solicit the provision of financing  
11 agreements with private sector suppliers to provide private funding to offset the  
12 higher up-front costs.

13 (b) Government agencies shall strive to meet the ENERGY STAR building  
14 criteria for energy performance and indoor environmental quality in their eligible  
15 facilities to the maximum extent practicable by June 30, 2007. Agencies may use  
16 private- or public-sector energy-savings performance contracts, utility energy-  
17 efficiency service contracts, or other similar financing and delivery means to conduct  
18 evaluations and make improvements to facilities. Facilities that rank in the top  
19 twenty-five per cent in energy efficiency relative to comparable commercial and state  
20 buildings shall receive the ENERGY STAR building label or its equivalent as  
21 determined by the Secretary of the Department of Public Works.

22 (c) Agencies shall have the power and authority, subject to lawful  
23 procurement, to use energy-savings performance contracts, private sector energy  
24 service contracts with energy service companies, or utility energy-service contracts to  
25 aid them in constructing, renovating and/or managing facilities.

26 (d) Government agencies entering into leases, including the renegotiation or  
27 extension of existing leases, shall incorporate lease provisions that require energy and  
28 water efficiency wherever life-cycle cost-effective. Build-to-suit lease solicitations  
29 shall contain criteria encouraging sustainable design and development, energy

1 efficiency, and verification of facility performance. The requirements of this  
2 subsections shall conform to the US Green Building Council's LEED rating system,  
3 silver level.

4 (e) All agencies' procurements shall include a preference for facilities having  
5 an ENERGY STAR building label in their selection criteria for acquiring leased  
6 facilities.

7 (f) All agencies shall encourage lessors to apply for an ENERGY STAR  
8 building label, or the US Green Building Council's LEED rating system, silver level,  
9 or its equivalent, for used facilities. and to further explore and implement projects that  
10 will reduce costs to the Commonwealth, including projects carried out through the  
11 lessors' energy-savings performance contracts or utility energy-efficiency service  
12 contracts. Each lease, including lease renewals, shall contain an attachment that  
13 explicitly addresses the requirements of this subsection.

14 (g) All agencies, in their procurements for office space, air conditioning  
15 equipment, installed lighting, pumps, motors, or vehicles, shall seek to use renewable  
16 energy systems, as defined in this Act, to power their operations. They shall certify  
17 their efforts to the Governor, with an explanation why, or why not, they secured  
18 renewable energy.

19 **§ 8653. Environmental Management System purchasing.** [No change.]

20 The Department of Finance, Division of Procurement and Supply, shall deliver to the  
21 Governor by December 31, 2006, a recommended Environmental Management purchasing  
22 system ("EMS"). The EMS shall draw on the federal government's EMS, issued pursuant to  
23 Executive Order 13101, as described in EPA publication 742-R-05-001 (Apr. 2005). The  
24 Division shall work closely with the following agencies to develop the EMS: DEQ, Attorney  
25 Generals Office, Department of Public Works.

Article 6. Energy Efficiency Policy.

§ 8661. Policy to encourage energy efficiency. [No change]

It shall be the policy of the Commonwealth to use energy as efficiently and cost-effectively, taking into account short-run and the long-term costs and benefits which can be quantified.

§ 8662. Government agencies to employ energy efficiency. [No change.]

All Commonwealth agencies shall use energy cost-effectively. All Commonwealth contracts must explicitly require the installation of and the use of life-cycle, cost-effective energy efficiency technology, including but not limited to the following:

(a) For capital projects, the construction of and/or additions to buildings which meet or exceed the standards required for the certification of the construction as LEED-certified, "silver", pursuant to the U.S. Green Building Council's most recent published standards.

(b) For operations and maintenance, energy efficient equipment and supplies that meet EPA Energy Star standards, including high efficiency fluorescent lighting, high efficiency air conditioning, heating and ventilating equipment, double or triple pane coated glass, tightly caulked and sealed wall penetrations, including windows, doors and vents.

§ 8663. CUC to promote energy efficiency. [No change.]

The CUC, or its successor in interest, shall assist and promote its customers' use of energy efficiency, energy efficient building techniques and energy saving devices. CUC shall report to the Legislature by December 31, 2006, the programs which it has created or which it intends to create to advance this requirement.

§ 8664. CUC energy service company.

CUC shall encourage the activities of private sector energy service companies and independent power producers. CUC shall have the power and authority to provide energy service company services to its customers. CUC may, subject to the approval of a regulator, place into rate base part or all of its investment in customer premises material and equipment installed as part of an energy service contract. The regulator, as a condition for approval,

1 shall determine the extent to which the effect of the energy service contract investment will  
2 reduce CUC's need to buy oil to provide the same quality of service to the customer.

3 **§ 8665. Governmental support of private sector efforts.**

4 The regulator and the government-owned utility shall facilitate the private sector's  
5 development of renewable energy projects by supporting the private sector's attainment of  
6 renewable portfolio standards.

7 (a) The Departments of Land and Natural Resources and Public Lands and  
8 the Zoning Board shall:

9 (1) Develop and publish in hard copy or electronically a catalog by  
10 December 31, 2006, and every two years thereafter, of potential sites for the  
11 development of renewable energy; and

12 (2) Work with the electric utilities and other renewable energy  
13 developers on all applicable planning and permitting processes to expedite the  
14 development of renewable energy resources.

15 (b) The Department of Commerce and the Department of Public Works shall:

16 (1) Develop a program to maximize the use of renewable energy and  
17 cost-effective conservation measures by Commonwealth government  
18 agencies, including but not limited to each Department, the CPA, the Public  
19 School System and Northern Marianas College;

20 (2) Work with federal agencies to develop as much research,  
21 development and demonstration funding, and technical assistance as possible  
22 to support the Commonwealth in its efforts to achieve the renewable portfolio  
23 standards.

24 **§ 8666. Annual report.**

25 The regulator, with the assistance of each relevant agency and the CUC, or its  
26 successor in interest, shall publish in hard copy or electronically a public report annually,  
27 beginning in January 2007, which shall explain to the public, the governor and the  
28 legislature, in quantifiable, businesslike terms: a report of electric utility loads and  
29 capabilities, including the total rated generating capacity produced by eligible net energy

1 metering customer-generators that are customers of each utility in the utility's service area;  
2 goals for saving energy, the reduction in oil use, and the money associated with the savings;  
3 measurable, annual objectives which are intended to lead to the energy saving goals; the  
4 strategies for achieving the measurable objectives, and their costs and benefits; and the  
5 progress made in and through the reporting period in meeting the objectives.

6 **Article 7. Clean Energy Transportation**

7 **§ 8671. Policy to encourage clean energy transportation and reduce diesel and**  
8 **gasoline engine emissions.**

9 It is the policy of the CNMI to encourage the use of clean-running commercial sector  
10 buses, including mini-buses. It is the policy of the CNMI to substitute for gasoline and diesel  
11 fuel the following fuels: electricity which has been generated by clean-burning fossil power  
12 plants and renewable resources; and bio-diesel fuel, including fuel made from used cooking  
13 oils and grown to produce ethanol.

14 **§ 8672. CUC to offer electric charging stations.**

15 The CUC, or by contract with an independent power producer, shall offer sufficient  
16 electric vehicle charging stations, in at least two locations easily available to users, to power  
17 electric buses and minivans on a 24/7 basis. Such stations shall be deployed in concert with  
18 the importation and use in the CNMI of chargeable electric vehicles. The CUC shall offer  
19 sufficient quick-charge and trickle charge capacity to meet 80% of the reasonable estimated  
20 current load. Electricity sold through electric charging stations shall be provided for the first  
21 five years at rates which are competitive with the costs of owning and operating a diesel- or  
22 gasoline-powered vehicle.

23 **§ 8673. Commercial buses to meet clean energy standards.** *Reserved.*

24 **Article 8. Renewable Energy Technologies; Tax Treatment;**  
25 **Tax Credits.** *Reserved.*

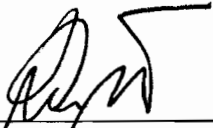
26 **Section 3. CUC Power Privatization.** The Commonwealth Utilities Corporation  
27 shall comply with the provisions of this Act and any development to privatize the power  
28 division of the Commonwealth Utilities Corporation shall be consistent with and subject to  
29 the provisions of this Act.

1           **Section 4. Severability.** If any provision of this Act or the application of any such  
2 provision to any person or circumstance should be held invalid by a court of competent  
3 jurisdiction, the remainder of this Act or the application of its provisions to persons or  
4 circumstances other than those to which it is held invalid shall not be affected thereby.

5           **Section 5. Savings Clause.** This Act and any repealer contained herein shall not be  
6 construed as affecting any existing right acquired under contract or acquired under statutes  
7 repealed or under any rule, regulation or order adopted under the statutes. Repealers  
8 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.  
9 The enactment of the Act shall not have the effect of terminating, or in any way modifying,  
10 any liability, civil or criminal, which shall already be in existence on the date this Act  
11 becomes effective.

12           **Section 6. Effective Date.** This Act shall take effect upon its approval by the  
13 Governor or becoming law without such approval.

CERTIFIED BY:



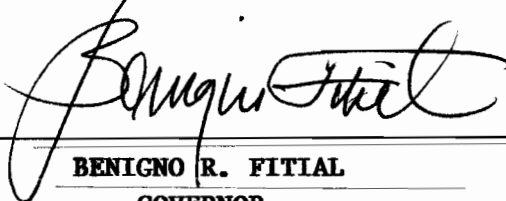
OSCAR M. BABAUTA  
SPEAKER OF THE HOUSE

ATTESTED TO BY:



EVELYN C. FLEMING  
HOUSE CLERK

APPROVED on this 26th day of SEPTEMBER, 2007



BENIGNO R. FITIAL  
GOVERNOR

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS