

FIRST REGULAR SESSION

SENATE BILL NO. 400

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOLSMAN.

Read 1st time February 27, 2013, and ordered printed.

TERRY L. SPIELER, Secretary.

1876S.01I

AN ACT

To repeal sections 393.1025, 393.1030, and 393.1050, RSMo, and to enact in lieu thereof two new sections relating to the renewable energy standard.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 393.1025, 393.1030, and 393.1050, RSMo, are repealed

2 and two new sections enacted in lieu thereof, to be known as sections 393.1025
3 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms
2 mean:

3 (1) "Commission", the public service commission;

4 (2) "Department", the department of natural resources;

5 (3) "Electric utility", any electrical corporation as defined by section
6 386.020;

7 (4) "Renewable energy credit" or "REC", a tradeable certificate of proof
8 that one megawatt-hour of electricity has been generated from renewable energy
9 sources **and that such electricity has been sold as power to a Missouri**
10 **consumer, whether such power is self-generated or purchased from**
11 **another source in or outside of this state;** and

12 (5) "Renewable energy resources", electric energy produced from wind,
13 solar thermal sources, photovoltaic cells and panels, dedicated crops grown for
14 energy production, cellulosic agricultural residues, plant residues, methane from
15 landfills, from agricultural operations, or from wastewater treatment, thermal
16 depolymerization or pyrolysis for converting waste material to energy, clean and
17 untreated wood such as pallets, hydropower (not including pumped storage) that
18 does not require a new diversion or impoundment of water and that has a **total**

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 **combined** nameplate rating of ten megawatts or less **per hydropower facility**,
20 fuel cells using hydrogen produced by one of the above-named renewable energy
21 sources, and other sources of energy not including nuclear that become available
22 after November 4, 2008, and are certified as renewable by rule by the department.

393.1030. 1. The commission shall, in consultation with the department,
2 prescribe by rule a portfolio requirement for all electric utilities to generate or
3 purchase electricity generated from renewable energy resources. Such portfolio
4 requirement shall provide that electricity from renewable energy resources shall
5 constitute the following portions of each electric utility's sales:

- 6 (1) No less than two percent for calendar years 2011 through 2013;
- 7 (2) No less than five percent for calendar years 2014 through 2017;
- 8 (3) No less than ten percent for calendar years 2018 through 2020; and
- 9 (4) No less than fifteen percent in each calendar year beginning in 2021.

10 At least two percent of each portfolio requirement shall be derived from solar
11 energy. The portfolio requirements shall apply to all power sold to Missouri
12 consumers whether such power is self-generated or purchased from another
13 source in or outside of this state. A utility may comply with the standard in
14 whole or in part by purchasing RECs, **provided that the energy associated**
15 **with such RECs has been sold to Missouri consumers.** Each kilowatt-hour
16 of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for
17 purposes of compliance.

18 2. The commission, in consultation with the department and within one
19 year of November 4, 2008, shall select a program for tracking and verifying the
20 trading of renewable energy credits. An unused credit may exist for up to three
21 years from the date of its creation, **provided that the energy associated with**
22 **each unused credit was generated after January 1, 2011.** A credit may be
23 used only once to comply with sections 393.1020 to 393.1030 and may not also be
24 used to satisfy any similar nonfederal requirement. An electric utility may not
25 use a credit derived from a green pricing program. Certificates from net-metered
26 sources shall initially be owned by the customer-generator. The commission,
27 except where the department is specified, shall make whatever rules are
28 necessary to enforce the renewable energy standard. Such rules shall include:

- 29 (1) A maximum average retail rate increase of one percent determined by
30 estimating and comparing the electric utility's cost of compliance with least-cost
31 renewable generation and the cost of continuing to generate or purchase
32 electricity from entirely nonrenewable sources, taking into proper account future

33 environmental regulatory risk including the risk of greenhouse gas regulation;
34 (2) Penalties of at least twice the average market value of renewable
35 energy credits for the compliance period for failure to meet the targets of
36 subsection 1. An electric utility will be excused if it proves to the commission
37 that failure was due to events beyond its reasonable control that could not have
38 been reasonably mitigated, or that the maximum average retail rate increase has
39 been reached. Penalties shall not be recovered from customers. Amounts
40 forfeited under this section shall be remitted to the department to purchase
41 renewable energy credits needed for compliance. Any excess forfeited revenues
42 shall be used by the department's energy center solely for renewable energy and
43 energy efficiency projects;
44 (3) Provisions for an annual report to be filed by each electric utility in
45 a format sufficient to document its progress in meeting the targets;
46 (4) Provision for recovery outside the context of a regular rate case of
47 prudently incurred costs and the pass-through of benefits to customers of any
48 savings achieved by an electrical corporation in meeting the requirements of this
49 section.
50 3. Each electric utility shall make available to its retail customers a
51 standard rebate offer of at least two dollars per installed watt for new or
52 expanded solar electric systems sited on customers' premises, up to a maximum
53 of twenty-five kilowatts per system, that become operational after 2009.
54 4. The department shall, in consultation with the commission, establish
55 by rule a certification process for electricity generated from renewable resources
56 and used to fulfill the requirements of subsection 1 of this section. Certification
57 criteria for renewable energy generation shall be determined by factors that
58 include fuel type, technology, and the environmental impacts of the generating
59 facility. Renewable energy facilities shall not cause undue adverse air, water, or
60 land use impacts, including impacts associated with the gathering of generation
61 feedstocks. If any amount of fossil fuel is used with renewable energy resources,
62 only the portion of electrical output attributable to renewable energy resources
63 shall be used to fulfill the portfolio requirements.
64 5. In carrying out the provisions of this section, the commission and the
65 department shall include methane generated from the anaerobic digestion of farm
66 animal waste and thermal depolymerization or pyrolysis for converting waste
67 material to energy as renewable energy resources for purposes of this section.

[393.1050. Notwithstanding any other provision of law, any

2 electrical corporation as defined by subdivision 15 of section
3 386.020 which, by January 20, 2009, achieves an amount of eligible
4 renewable energy technology nameplate capacity equal to or
5 greater than fifteen percent of such corporation's total owned
6 fossil-fired generating capacity, shall be exempt thereafter from a
7 requirement to pay any installation subsidy, fee, or rebate to its
8 customers that install their own solar electric energy system and
9 shall be exempt from meeting any mandated solar renewable
10 energy standard requirements. Any disputes or denial of
11 exemptions under this section may be reviewable by the circuit
12 court of Cole County as prescribed by law.]

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Bill

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