

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 838

AN ACT

To repeal sections 260.035, 393.1025, 393.1030, and 393.1050, RSMo, and to enact in lieu thereof four new sections relating to nuclear energy.

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

Section A. Sections 260.035, 393.1025, 393.1030, and 393.1050, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 260.035, 393.1025, 393.1030, and 393.1050, to read as follows:

260.035. 1. The authority is hereby granted and may exercise all powers necessary or appropriate to carry out and effectuate its purposes pursuant to the provisions of sections 260.005 to 260.125, including, but not limited to, the following:

(1) To adopt bylaws and rules after having held public hearings thereon for the regulation of its affairs and the conduct of its business;

(2) To adopt an official seal;

(3) To maintain a principal office and such other offices within the state as it may designate;

(4) To sue and be sued;

(5) To make and execute leases, contracts, releases, compromises, and other instruments necessary or convenient for the exercise of its powers or to carry out its purposes;

(6) To acquire, construct, reconstruct, enlarge, improve, furnish, equip, maintain, repair, operate, lease, finance, and sell equipment, structures, systems, and projects and to lease the same to any private person, firm, or corporation, or to any public body, political

subdivision, or municipal corporation. Any such lease may provide for the construction of the project by the lessee;

(7) To issue bonds and notes as hereinafter provided and to make, purchase, or participate in the purchase of loans or municipal obligations and to guarantee loans to finance the acquisition, construction, reconstruction, enlargement, improvement, furnishing, equipping, maintaining, repairing, operating, or leasing of a project;

(8) To invest any funds not required for immediate disbursement in obligations of the state of Missouri or of the United States or any agency or instrumentality thereof, or in bank certificates of deposit; provided, however, the foregoing limitations on investments shall not apply to proceeds acquired from the sale of bonds or notes which are held by a corporate trustee pursuant to section 260.060;

(9) To acquire by gift or purchase, hold and dispose of real and personal property in the exercise of its powers and the performance of its duties hereunder;

(10) To employ managers and other employees and retain or contract with architects, engineers, accountants, financial consultants, attorneys, and such other persons, firms, or corporations who are necessary in its judgment to carry out its duties, and to fix the compensation thereof;

(11) To receive and accept appropriations, bequests, gifts, and grants and to utilize or dispose of the same to carry out its purposes pursuant to the provisions of sections 260.005 to 260.125;

(12) To engage in research and development with respect to pollution control facilities and solid waste or sewage disposal facilities, water facilities, resource recovery facilities, and the development of energy resources;

(13) To collect rentals, fees, and other charges in connection with its services or for the use of any project hereunder;

(14) To sell at private sale any of its property or projects to any private person, firm, or corporation, or to any public body, political subdivision, or municipal corporation, on such terms as it deems advisable, including the right to receive for such sale the note or notes of any such person to whom the sale is made. Any such sale shall provide for payments adequate to pay the principal of and interest and premiums, if any, on the bonds or notes issued to finance such project or portion thereof. Any such sale may provide for the construction of the project by the purchaser of the project;

(15) To make, purchase, or participate in the purchase of loans to finance the development and marketing of:

(a) Means of energy production utilizing energy sources other than fossil [or nuclear] fuel, including, but not limited to, wind, water, solar, biomass, solid waste, and other renewable energy resource technologies;

(b) Fossil fuels and recycled fossil fuels which are indigenous energy resources produced in the state of Missouri, including coal, heavy oil, and tar sands; and

(c) Synthetic fuels produced in the state of Missouri;

(16) To insure any loan, the funds of which are to be used for the development and marketing of energy resources as authorized by sections 260.005 to 260.125;

(17) To make temporary loans, with or without interest, but with such security for repayment as the authority deems reasonably necessary and practicable, to defray development costs of energy resource development projects;

(18) To collect reasonable fees and charges in connection with making and servicing its loans, notes, bonds and obligations, commitments, and other evidences of indebtedness made, issued or entered into to develop energy resources, and in connection with providing technical, consultative, and project assistance services in the area of energy development. Such fees and charges shall be limited to the amounts required to pay the costs of the authority, including operating and administrative expenses, and reasonable allowance for losses which may be incurred;

(19) To enter into agreements or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization to carry out the provisions of sections 260.005 to 260.125;

(20) To sell, at public or private sale, any mortgage and any real or personal property subject to that mortgage, negotiable instrument, or obligation securing any loan;

(21) To procure insurance against any loss in connection with its property in such amounts, and from such insurers, as may be necessary or desirable;

(22) To consent to the modification of the rate of interest, time of payment for any installment of principal or interest, or any other terms, of any loan, loan commitment, temporary loan, contract, or agreement made directly by the authority;

(23) To make and publish rules and regulations concerning its lending, insurance of loans, and temporary lending to defray development costs, along with such other rules and regulations as are necessary to effectuate its purposes. No rule or portion of a rule promulgated under the authority of sections 260.005 to 260.125 shall become

effective unless it has been promulgated pursuant to the provisions of section 536.024;

(24) To borrow money to carry out and effectuate its purpose in the area of energy resource development and to issue its negotiable bonds or notes as evidence of any such borrowing in such principal amounts and upon such terms as shall be determined by the authority, and to secure such bonds or notes by the pledge of revenues, mortgages, or notes of others as authorized by sections 260.005 to 260.125.

2. The authority shall develop a hazardous waste facility if the study required in section 260.037 demonstrates that a facility is economically feasible. The facility, which shall not include a hazardous waste landfill, may be operated by any eligible party as specified in this section. The authority shall begin development of the facility by July 1, 1985.

3. All employees of the authority shall be eligible for membership in the Missouri state employees' retirement system, subject to all provisions in chapters 104 and 105 applicable to the system.

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

(1) "Battery energy storage systems", battery energy electrochemical devices that charge, or collect, energy from the grid or a generation facility, store that energy, and then discharge that energy at a later time to provide electricity or other grid services;

(2) "Commission", the public service commission;

[(2)] (3) "Department", the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

(5) "Nuclear energy credit" or "NEC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from nuclear power generated from a nuclear generating facility that begins operation after August 28, 2026;

~~[(4)]~~ (6) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; ~~and~~

~~(5)]~~ (7) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a nameplate rating of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, battery energy storage systems, and other sources of energy not including nuclear that become available 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, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources and nuclear energy sources generated from nuclear generating facilities that begin operation after August 28, 2026. Such portfolio requirement shall provide that electricity from renewable energy resources and nuclear

energy sources under this subsection shall constitute the following portions of each electric utility's sales:

(1) No less than two percent for calendar years 2011 through 2013;

(2) No less than five percent for calendar years 2014 through 2017;

(3) No less than ten percent for calendar years 2018 through 2020; and

(4) No less than ~~【fifteen】~~ seven and one-half percent in each calendar year beginning in ~~【2021】~~ 2027.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. A utility may comply with the standard in whole or in part by purchasing RECs or NECs. Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. (1) This subsection applies to electric utilities with more than two hundred fifty thousand but less than one million retail customers in Missouri as of the end of the calendar year 2024.

(2) Energy meeting the criteria of the renewable energy portfolio requirements set forth in subsection 1 of this section that is generated from renewable energy resources and nuclear energy sources pursuant to subsection 1 of this section and contracted for by an accelerated renewable buyer shall:

(a) Have all associated renewable energy certificates and nuclear energy certificates retired by the accelerated renewable buyer, or on their behalf, and the certificates

shall not be used to meet the electric utility's portfolio requirements pursuant to subsection 1 of this section;

(b) Be excluded from the total electric utility's sales used to determine the portfolio requirements pursuant to subsection 1 of this section; and

(c) Be used to offset all or a portion of its electric load for purposes of determining compliance with the portfolio requirements pursuant to subsection 1 of this section.

(3) The accelerated renewable buyer shall be exempt from any renewable energy standard compliance costs as may be established by the utility and approved by the commission, based on the amount of renewable energy certificates and nuclear energy certificates retired pursuant to this subsection in proportion to the accelerated renewable buyer's total electric energy consumption, on an annual basis.

(4) An "accelerated renewable buyer" means a customer of an electric utility, with an aggregate load over eighty average megawatts, that enters into a contract or contracts to obtain:

(a) Renewable energy certificates or nuclear energy certificates from renewable energy resources as defined in section 393.1025, and nuclear energy sources under subsection 1 of this section; or

(b) Energy and renewable energy certificates from solar or wind generation resources located within the Southwest Power Pool region and initially placed in commercial operation after January 1, 2020, including any contract with the electric utility for such generation resources that does not allocate to or recover from any other customer of the utility the cost of such resources.

(5) Each electric utility shall certify, and verify as necessary, to the commission that the accelerated renewable buyer has satisfied the exemption requirements of this subsection for each year, or an accelerated renewable buyer may choose to certify satisfaction of this exemption by reporting to the commission individually.

(6) The commission may promulgate such rules and regulations as may be necessary to implement the provisions of this subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be invalid and void.

(7) Nothing in this section shall be construed as imposing or authorizing the imposition of any reporting, regulatory, or financial burden on an accelerated renewable buyer.

3. Notwithstanding any other provision of this section to the contrary, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of the commission's rulemaking authority pursuant to subsection 8 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved

demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2022.

4. The commission, in consultation with the department and within one year of November 4, 2008, shall select a program for tracking and verifying the trading of renewable energy credits and nuclear energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may not use a credit derived from a green pricing program. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the department is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference

between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the division of energy solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by

an electrical corporation in meeting the requirements of this section.

[4.] 5. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum

average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[5.] 6. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall

be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[6.] 7. In carrying out the provisions of this section, the commission and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[7.] 8. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be invalid and void.

393.1050. Notwithstanding any other provision of law, any electrical corporation as defined by subdivision (15) of

section 386.020 which, by ~~January 20, 2009,~~ January 1, 2027, achieves an amount of eligible renewable energy technology nameplate capacity and capacity generated from nuclear energy sources pursuant to subsection 1 of section 393.1030 equal to or greater than ~~fifteen~~ seven and one-half percent of such corporation's total owned fossil-fired generating capacity, shall be exempt thereafter from a requirement to pay any installation subsidy, fee, or rebate to its customers that install their own solar electric energy system and shall be exempt from meeting any mandated solar renewable energy standard requirements. Any disputes or denial of exemptions under this section may be reviewable by the circuit court of Cole County as prescribed by law.