

FIRST REGULAR SESSION

HOUSE BILL NO. 82

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES NOLTE (Sponsor), FISHER, KORMAN, KOENIG, SCHAD,
KELLY (24), ZERR AND ALLEN (Co-sponsors).

0207L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 393.1025 and 393.1030, 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Section A. Sections 393.1025 and 393.1030, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 393.1025 and 393.1030, to read as follows:

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

- 2 (1) "Commission", the public service commission;
- 3 (2) "Department", the department of natural resources;
- 4 (3) "Electric utility", any electrical corporation as defined by section 386.020;
- 5 (4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one
6 megawatt-hour of electricity has been generated from renewable energy sources; [and]
- 7 (5) "Renewable energy resources", electric energy produced from wind, solar thermal
8 sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic
9 agricultural residues, plant residues, methane from landfills, from agricultural operations, or from
10 wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to
11 energy, clean and untreated wood such as pallets, hydropower (not including pumped storage)
12 that does not require a new diversion or impoundment of water and that has a nameplate rating
13 of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named
14 renewable energy sources, and other sources of energy not including nuclear that become
15 available after November 4, 2008, and are certified as renewable by rule by the department;
- 16 (6) "**Small modular reactors**", a nuclear reactor:

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 **(a) With a rated capacity of less than three hundred fifty electrical megawatts for**
18 **each reactor; and**

19 **(b) That can be constructed and operated in combination with similar reactors at**
20 **a single site.**

 393.1030. 1. The commission shall, in consultation with the department, prescribe by
2 rule a portfolio requirement for all electric utilities to generate or purchase electricity generated
3 from renewable energy resources **or small modular reactors**. Such portfolio requirement shall
4 provide that electricity from renewable energy resources **or small modular reactors** 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. At least two
10 percent of each portfolio requirement shall be derived from solar energy. The portfolio
11 requirements shall apply to all power sold to Missouri consumers whether such power is
12 self-generated or purchased from another source in or outside of this state. A utility may comply
13 with the standard in whole or in part by purchasing RECs. Each kilowatt-hour of eligible energy
14 generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

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

24 (1) A maximum average retail rate increase of one percent determined by estimating and
25 comparing the electric utility's cost of compliance with least-cost renewable generation and the
26 cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking
27 into proper account future environmental regulatory risk including the risk of greenhouse gas
28 regulation;

29 (2) Penalties of at least twice the average market value of renewable energy credits for
30 the compliance period for failure to meet the targets of subsection 1. An electric utility will be
31 excused if it proves to the commission that failure was due to events beyond its reasonable
32 control that could not have been reasonably mitigated, or that the maximum average retail rate

33 increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited
34 under this section shall be remitted to the department to purchase renewable energy credits
35 needed for compliance. Any excess forfeited revenues shall be used by the department's energy
36 center solely for renewable energy and energy efficiency projects;

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

39 (4) Provision for recovery outside the context of a regular rate case of prudently incurred
40 costs and the pass-through of benefits to customers of any savings achieved by an electrical
41 corporation in meeting the requirements of this section.

42 3. Each electric utility shall make available to its retail customers a standard rebate offer
43 of at least two dollars per installed watt for new or expanded solar electric systems sited on
44 customers' premises, up to a maximum of twenty-five kilowatts per system, that become
45 operational after 2009.

46 4. The department shall, in consultation with the commission, establish by rule a
47 certification process for electricity generated from renewable resources and used to fulfill the
48 requirements of subsection 1 of this section. Certification criteria for renewable energy
49 generation shall be determined by factors that include fuel type, technology, and the
50 environmental impacts of the generating facility. Renewable energy facilities shall not cause
51 undue adverse air, water, or land use impacts, including impacts associated with the gathering
52 of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources,
53 only the portion of electrical output attributable to renewable energy resources shall be used to
54 fulfill the portfolio requirements.

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