

FIRST REGULAR SESSION

# HOUSE BILL NO. 844

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES MCNEIL (Sponsor), BERRY, ENGLISH,  
OTTO AND CARPENTER (Co-sponsors).

1903H.02I

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To amend chapter 386, RSMo, by adding thereto one new section relating to combined heat and power systems.

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

Section A. Chapter 386, RSMo, is amended by adding thereto one new section, to be known as section 386.900, to read as follows:

**386.900. 1. As used in this section, the following terms shall mean:**

- (1) **“Combined heat and power system” or “CHP system”, a system that uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical power, or both, and utilizes the resulting thermal energy that would otherwise be wasted for heating, cooling, dehumidification, or other thermal application. Where waste heat is the only fuel input to the CHP system, the system will generate electrical power and may or may not generate additional thermal energy;**
- (2) **“Commission”, the public service commission of the state of Missouri;**
- (3) **“Gas utility”, a gas corporation as defined in section 386.020, except as used in subsection 5 of this section;**
- (4) **“Electric utility”, an electrical corporation as defined in section 386.020, except as used in subsection 5 of this section;**
- (5) **“Interconnection customer”, any customer of an electric utility that is not a customer-generator under section 386.890 and that interconnects a generating facility including a combined heat and power system with the utility under an interconnection agreement under this section.**

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           **2. Combined heat and power systems benefit Missouri by providing usable energy**  
18 **more efficiently and cheaply, reducing pollution, and enhancing the safety and reliability**  
19 **of electricity transmission and distribution. It is the policy of this state to facilitate the**  
20 **widespread application of combined heat and power systems by the commercial,**  
21 **institutional, industrial, utility, and residential sectors.**

22           **3. The commission shall review and revise or adopt rules for the interconnection**  
23 **of electric generating facilities, including combined heat and power systems, intended to**  
24 **operate in parallel with an electric utility's system. These rules shall incorporate the**  
25 **applicable standards in the Institute of Electrical and Electronic Engineers Standard 1547**  
26 **and Underwriters Laboratory Standard 1741 and may include standards published by the**  
27 **Interstate Renewable Energy Council and standards published by the Federal Energy**  
28 **Regulatory Commission for the interconnection of small generators. Interconnection**  
29 **agreements, procedures, and fees shall be nondiscriminatory, just, and reasonable, and**  
30 **establish uniform, clear, and transparent timelines. The commission shall seek to prevent**  
31 **barriers to new technology, shall not make compliance unduly burdensome and expensive,**  
32 **and shall not require a second meter or an external disconnect switch. The commission**  
33 **shall determine questions about the ability of specific equipment to meet interconnection**  
34 **standards and shall provide for a simple and inexpensive dispute resolution process. For**  
35 **purposes of this section, the commission shall develop a methodology for calculating**  
36 **utilities' avoided cost based on the capacity and energy costs of a proxy new electric**  
37 **generating unit.**

38           **4. (1) All electric utilities shall have the obligation to connect any interconnection**  
39 **customer, including those using combined heat and power systems, located within its**  
40 **service territory to those facilities of the utility that are used for delivery of electric energy,**  
41 **subject to the commission rules and regulations and approved tariff provisions relating to**  
42 **the connection of service. The services provided to each interconnection customer shall be**  
43 **comparable in quality to those provided by the electric utility to itself or to any affiliate.**  
44 **Electric utilities shall make available the interconnection studies from similar facilities**  
45 **previously connected to its systems.**

46           **(2) Rates, prices, terms, and conditions for supporting services supplied by electric**  
47 **and gas utilities to interconnected systems shall be nondiscriminatory, cost-based, just, and**  
48 **reasonable. Rates and charges for standby power and maintenance power shall not be**  
49 **based on assumptions, unless supported by factual data, that forced outages or other**  
50 **reductions in electric output by interconnected systems will occur simultaneously on a**  
51 **utility's system or during the utility's system peak or both.**

52           **(3) An electric utility shall not charge interconnection customers any fee or charge**  
53 **or require additional equipment, insurance, or any other requirements not specifically**  
54 **authorized by interconnection standards approved by the commission, unless the fee,**  
55 **charge, or other requirement would apply to other similarly situated customers who are**  
56 **not interconnection customers.**

57           **(4) (a) Interconnection customers shall be allowed to sell excess electricity to their**  
58 **electric utilities subject to maximum kilowatt-hour limitations that the commission may**  
59 **impose to the extent necessary to ensure reliable operation of the grid.**

60           **(b) Interconnection customers shall not be considered regulated public utilities as**  
61 **defined in section 386.020.**

62           **(c) For interconnection equipment not owned by an electric utility, the utility shall**  
63 **not be liable for loss, damage, or injury caused directly or indirectly by the equipment**  
64 **except for negligence by the utility in the purchase, installation, or modification of the**  
65 **equipment.**

66           **5. The governing body of a rural electric cooperative or municipal utility shall,**  
67 **within one year of August 28, 2013, adopt policies consistent with the commission's rule**  
68 **adopted under this section and establish simple, standard interconnection contracts.**

69           **6. Any rule or portion of a rule, as that term is defined in section 536.010, that is**  
70 **created under the authority delegated in this section shall become effective only if it**  
71 **complies with and is subject to all of the provisions of chapter 536 and, if applicable,**  
72 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**  
73 **vested with the general assembly under chapter 536 to review, to delay the effective date,**  
74 **or to disapprove and annul a rule are subsequently held unconstitutional, then the grant**  
75 **of rulemaking authority and any rule proposed or adopted after August 28, 2013, shall be**  
76 **invalid and void.**

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