

\\SECOND REGULAR SESSION

# HOUSE BILL NO. 2129

## 93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE GUEST.

Read 1st time March 30, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

5678L.01I

### AN ACT

To amend chapter 393, RSMo, by adding thereto four new sections relating to renewable energy.

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

Section A. Chapter 393, RSMo, is amended by adding thereto four new sections, to be  
2 known as sections 393.320, 393.323, 393.326, and 393.329, to read as follows:

**393.320. 1. Sections 393.320 to 393.329 shall be known and may be cited as the**  
2 **"Renewable Energy Farm Standard Act".**

3 **2. As used in sections 393.320 to 393.329, the following terms mean:**

4 **(1) "Commission", the public service commission;**

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

6 **(3) "Eligible renewable energy technology", sources of energy that shall be**  
7 **considered renewable for purposes of this section that include but not be limited to the**  
8 **following:**

9 **(a) Solar power, including, but not limited to photovoltaic cells, concentrating solar**  
10 **power technologies, and low temperature solar collectors;**

11 **(b) Wind;**

12 **(c) Hydroelectric, not including pump-storage;**

13 **(d) Hydrogen from biomass or other nonfossil fuel feedstock;**

14 **(e) Biomass, including but not limited to any plant-derived organic matter available**  
15 **on a renewable basis, including dedicated energy crops and trees, agricultural food and**

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.

16 feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic  
17 plants, methane collection from municipal wastes, and other waste material;

18 (f) Other renewable energy sources defined by rule by the commission after  
19 consulting with the department;

20 (4) "Renewable energy credit", a certificate of proof that one kilowatt-hour of  
21 electricity has been generated from renewable energy sources;

22 (5) "Total retail electric sales", the kilowatt-hours of electricity sold in a year by  
23 an electrical corporation to retail customers of the electric utility or to a distribution utility  
24 for distribution to the retail customer of the distribution utility.

393.323. 1. The department shall, in consultation with the commission, prescribe  
2 a portfolio requirement for all retail suppliers of electrical energy, including municipal  
3 utilities but excluding cooperatives and small producers under fifty mega-watts to generate  
4 or purchase electricity generated from eligible renewable energy technologies. The  
5 department shall make a good faith effort to use less than one percent of retail sales for  
6 each supplier of electrical energy after December 31, 2008. Such portfolio requirement  
7 shall provide that electricity from eligible renewable energy technologies shall constitute:

8 (1) No less than two percent of retail sales for each supplier of electrical energy  
9 after December 31, 2012;

10 (2) No less than three percent of retail sales for each supplier of electrical energy  
11 after December 31, 2016;

12 (3) No less than six percent of retail sales for each supplier of electrical energy in  
13 each year after December 31, 2020; and

14 (4) No less than ten percent of retail sales for each supplier of electrical energy in  
15 each year after December 31, 2024.

16 2. By July 1, 2007, the commission shall adopt rules that integrate into its resource  
17 planning rules the renewable energy objective of subsection 1 of this section and criteria  
18 and standards by which it will measure an electrical corporation's efforts to meet that  
19 objective. In this rulemaking, the commission shall include criteria and standards that, at  
20 a minimum, shall:

21 (1) Protect against adverse economic impacts on all classes of ratepayers;

22 (2) Protect against undesirable impacts on the reliability of each electrical  
23 corporation's system; and

24 (3) Consider technical feasibility, providing for flexibility in meeting the objectives  
25 on the event electrical corporations are, for good cause shown, unable to meet in aggregate  
26 the objective of this section.

27           **3. In its rulemaking under this section, the commission shall provide for a weighted**  
28 **scale of how energy produced by various eligible renewable energy technologies shall count**  
29 **toward an electrical corporation's objective. In establishing this scale, the commission**  
30 **shall consider the attributes of various technologies and fuels and shall establish a system**  
31 **that grants multiple credits toward the objective for those technologies and fuels the**  
32 **commission determines are in the public interest to encourage. The commission may also**  
33 **grant multiple credits toward the objective for generation in the state or procurement of**  
34 **electric generated in this state that uses an eligible renewable energy technology.**

35           **4. The commission shall develop rules as provided in this section in consultation**  
36 **with the department as necessary to implement the requirements of this section.**

37           **5. Such portfolio requirement, as described in subsection 1 of this section, shall**  
38 **apply to all suppliers of electrical energy to consumers in this state and to all power sold**  
39 **to Missouri consumers whether such power is self-generated or purchased from another**  
40 **source in or outside of this state.**

41           **6. Each supplier of electricity shall provide documentation to the department and**  
42 **commission demonstrating the acquisition of renewable energy credits by self-generation,**  
43 **purchase, or trade sufficient to fulfill the provisions of subsection 1 of this section.**

44           **7. The department, in consultation with the commission and within one year of the**  
45 **effective date of sections 393.320 to 393.329, shall establish by rule a program for trading**  
46 **renewable energy credits. Any electric supplier that provides renewable energy to its retail**  
47 **customers or members in excess of the percentages specified in subsection 1 of this section**  
48 **may sell or otherwise transfer to any other electric supplier excess renewable energy credits**  
49 **at any negotiated price. Such rules shall specify:**

50           **(1) Requirements for tracking, recording, and verifying the trading of renewable**  
51 **energy credits;**

52           **(2) Requirements for general compliance with a credit trading program;**

53           **(3) Requirements for certification of renewable energy credits under subsection 8**  
54 **of this section;**

55           **(4) Requirements for participation in any regional system that relates to trading**  
56 **renewable energy credits;**

57           **(5) Provisions for flexibility in the event that an electric supplier is, by reason of**  
58 **necessity, unable to meet the requirements of subsection 1 of this section; and**

59           **(6) Provisions for the recovery of costs through customer billing if necessary, with**  
60 **the amount of any such charge not to exceed fifty cents per month for each residential**  
61 **customer.**

62           **8. The department shall, in consultation with the commission, establish by rule a**  
63 **certification process for power generated from renewable resources and used to fulfill the**  
64 **requirements of subsection 1 of this section. To the extent feasible, the certification process**  
65 **shall be consistent with operational practices of the regional transmission organizations**  
66 **active in the midwestern United States. Certification criteria for renewable energy**  
67 **generation shall be determined by factors that include fuel type and technology of the**  
68 **generating facility. If any amount of fossil fuel is used with renewable energy resources**  
69 **to generate energy to fulfill the requirements of subsection 1 of this section, only the**  
70 **portion of electricity output that is attributable to renewable energy resources shall be used**  
71 **to fulfill such requirements.**

72           **9. Electricity suppliers that fail to acquire sufficient renewable energy credits to**  
73 **comply with the requirements of subsection 1 of this section in any compliance period shall**  
74 **forfeit for each kilowatt-hour deficiency in an amount equal to three times the average**  
75 **market cost of a renewable energy credit during that compliance period. Amounts**  
76 **forfeited under this section shall be remitted to the department to purchase renewable**  
77 **energy credits needed for compliance. Any excess forfeited revenues shall be used by the**  
78 **department's energy center solely for renewable energy and energy efficiency programs.**

**393.326. 1. A supplier of electrical energy may receive additional credit toward**  
2 **meeting the requirements of section 393.323 if it acquires renewable resources physically**  
3 **located in this state or renewable energy credits from a renewable resource physically**  
4 **located in this state.**

5           **2. The department shall determine the amount of additional credit to be awarded**  
6 **under this section.**

**393.329. 1. All suppliers of electrical energy shall disclose to any person upon**  
2 **request standard and useful information regarding the generation attributes of electricity**  
3 **sold by the supplier.**

4           **2. For electrical corporations, information to be supplied under this section shall**  
5 **be presented in a uniform label in an easily understood format. The commission shall**  
6 **develop rules necessary to implement the requirements of this subsection, including**  
7 **penalties for providing false or misleading information within one year from August 28,**  
8 **2006. The label shall contain, but not be limited to, the sources of energy supplied,**  
9 **specified by percentages, of biomass power, coal-fired power, hydropower, natural**  
10 **gas-fired power, nuclear power, oil-fired power, solar power, wind power, and other**  
11 **resources in such format as the commission shall require.**

12           **3. The information required to be disclosed under this section shall be updated**  
13 **quarterly and presented on the supplier's Internet homepage. Such information shall also**  
14 **be presented quarterly to the commission for inclusion on its Internet homepage.**

15           **4. The department shall promulgate rules to implement the provisions of sections**  
16 **393.320 to 393.329. Any rule or portion of a rule, as that term is defined in section 536.010,**  
17 **RSMo, that is created under the authority delegated in this section shall become effective**  
18 **only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,**  
19 **if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are**  
20 **nonseverable and if any of the powers vested with the general assembly under chapter 536,**  
21 **RSMo, to review, to delay the effective date, or to disapprove and annul a rule are**  
22 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**  
23 **proposed or adopted after August 28, 2006, shall be invalid and void.**

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