

FIRST REGULAR SESSION

# HOUSE BILL NO. 1062

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES HOLSMAN (Sponsor), FALLERT, SCAVUZZO, BROWN (50), SALVA, LAMPE, DARROUGH, STORCH, SKAGGS, RUCKER, WILDBERGER, NORR, SCHOEMEHL, HARRIS (110), NASHEED, OXFORD, BOWMAN, AULL, KOMO, DOUGHERTY, GRISAMORE, DONNELLY, HODGES, TALBOY, EL-AMIN, JOHNSON, BURNETT, TILLEY, FRAME, HOSKINS, ROORDA, DAUS, SPRENG, ROBINSON, GEORGE, SCHIEFFER, SHIVELY, QUINN (9), TODD, KUESSNER, PAGE, MEINERS, BLAND, CURLS, GRILL, LOW (39), WALSH, McCLANAHAN, HUGHES, CASEY, KRATKY, VOGT, LOWE (44), ZIMMERMAN, LeVOTA, HUBBARD, MEADOWS, YAEGER, BAKER (25), HAYWOOD AND LIESE (Co-sponsors).

Read 1st time March 6, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

2206L.02I

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## AN ACT

To amend chapter 393, RSMo, by adding thereto five new sections relating to the green power initiative, with an effective date.

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

Section A. Chapter 393, RSMo, is amended by adding thereto five new sections, to be known as sections 393.1020, 393.1025, 393.1030, 393.1035, and 393.1040, to read as follows:

- 393.1020. 1. It is the general assembly's intent to encourage the development and utilization of technically feasible and economical renewable technologies, creating cleaner and more sustainable forms of energy for the residents of the state. It is for this reason that sections 393.1020 to 393.1040 shall be known as the "Green Power Initiative".**
- 2. The definitions provided in section 386.020, RSMo, shall apply to sections 393.1020 to 393.1040. As used in sections 393.1020 to 393.1040, the following terms mean:**
- (1) "Department", the department of natural resources;**
- (2) "Eligible renewable energy technology", sources of energy that shall be considered renewable for purposes of this section shall include but not be limited to the following:**

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.

- 11           (a) Solar, including photovoltaic cells, concentrating solar power technologies, and  
12 low temperature solar collectors;
- 13           (b) Wind;
- 14           (c) Hydroelectric, not including pump-storage;
- 15           (d) Hydrogen from renewable sources;
- 16           (e) Biomass, any plant-derived organic matter available on a renewable basis,  
17 including dedicated energy crops and trees, agricultural food and feed crops, agricultural  
18 crop wastes and residues, wood wastes and residues, aquatic plants, biogas from landfills  
19 or wastewater treatment plants; and
- 20           (f) Other renewable energy sources defined by rule by the commission after  
21 consultation with the department;
- 22           (3) "Energy efficiency", verifiable reductions in energy consumption, or verifiable  
23 reductions in the rate of energy consumption growth, as defined by rule by the commission  
24 after consultation with the department, as a result of measures implemented by electrical  
25 corporations and electricity consumers which may include, but not be limited to, pricing  
26 signals, electronic controls, education, information, infrastructure improvements, and the  
27 use of high efficiency equipment and lighting;
- 28           (4) "Total retail electric sales", the kilowatt-hours of electricity delivered in a year  
29 by an electrical corporation to its Missouri retail customers.

393.1025. 1. Each electrical corporation shall make a good faith effort to generate  
2 or procure sufficient electricity generated by an eligible renewable energy technology, and  
3 support energy efficiency measures, so that by 2012, five percent of total retail electric sales  
4 in the aggregate by electrical corporations is generated by eligible renewable energy  
5 technologies, increasing to ten percent by 2015, and fifteen percent generated by eligible  
6 renewable energy technologies by 2020. Generation provided by any existing eligible  
7 renewable energy technology, owned, controlled, or purchased by electrical corporations,  
8 that are operational prior to August 28, 2007, shall be applied towards meeting the  
9 objective so long as it continues to generate electricity. Credit towards the objective also  
10 may be achieved through energy efficiency that includes electrical corporation and  
11 consumer efforts to reduce the consumption of electric energy. After consulting with the  
12 department, the commission may establish intermediate goals for the use of renewable  
13 energy technologies as part of its rulemaking process.

14           2. By July 1, 2008, the commission shall, after consultation with the department,  
15 adopt rules that integrate into its resource planning rules the renewable energy objective  
16 of subsection 1 of this section and the criteria and standards by which it will measure an  
17 electrical corporation's efforts to meet that objective to determine whether it is making the

18 required good faith effort. In this rulemaking, the commission shall include criteria and  
19 standards that, at a minimum, shall:

20 (1) Protect against adverse economic impacts, including the costs of any  
21 transmission investments necessary to access eligible renewable energy technologies, on the  
22 ratepayers and shareholders;

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

25 (3) Consider environmental compliance costs, present and future, of each source  
26 being evaluated; and

27 (4) Consider technical feasibility, providing for flexibility in meeting the objective  
28 in the event electrical corporations are, for good cause shown, unable to meet in aggregate  
29 the objective of this section.

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

38 4. The commission shall develop rules as provided in this section in consultation  
39 with the department as necessary to implement the requirements of section 393.1025. Any  
40 rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created  
41 under the authority delegated in this section and section 393.1020 shall become effective  
42 only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,  
43 if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are  
44 nonseverable and if any of the powers vested with the general assembly pursuant to  
45 chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule  
46 are subsequently held unconstitutional, then the grant of rulemaking authority and any  
47 rule proposed or adopted after August 28, 2007, shall be invalid and void.

393.1030. 1. Each electric corporation shall submit to the commission a biennial  
2 report by December thirty-first, beginning in 2009, on its plans, activities, and progress  
3 with regard to the objective of section 393.1025, demonstrating to the commission that it  
4 is making the required good faith effort. The report shall be submitted in a format  
5 prescribed by the commission, not to exceed fifty pages, and it shall include the following:

- 6           (1) Sufficient data to specify and verify the status of its renewable energy mix  
7 relative to the good faith objective;  
8           (2) Sufficient data to specify and verify the status of the electric corporation's and  
9 its customers' energy efficiency efforts relative to the good faith objective;  
10          (3) Efforts taken to meet the objective;  
11          (4) Any obstacles encountered or anticipated in meeting the objective; and  
12          (5) Potential solutions to the obstacles.

13          2. The commission shall compile the information provided under subsection 1 of  
14 this section and biennially report by July first, beginning in 2010, to the governor, the  
15 speaker of the house of representatives, the president pro tempore of the senate, the chairs  
16 of the committees in the house of representatives and senate with jurisdiction over energy  
17 and environment policy issues, and the department as to the progress of electrical  
18 corporations in the state in increasing the amount of renewable energy provided to retail  
19 customers and increasing energy efficiency, with any recommendations for regulatory or  
20 legislative action. In addition, the Missouri director of the department of economic  
21 development shall issue a biennial report by July first, beginning in 2010, on the impact of  
22 the renewable portfolio standard on the Missouri economy and the director of the  
23 department of natural resources shall issue a biennial report by July first, beginning in  
24 2010, on the environmental impact of sections 393.1020 to 393.1040. The biennial reporting  
25 requirements under this subsection shall end after July 1, 2022.

          393.1035. 1. Electricity produced by fuel combustion may only count toward an  
2 electrical corporation's objectives if the generation facility complies with all federal and  
3 state statutes and rules.

4          2. An electrical corporation may blend or co-fire a fuel listed in subsection 2 of  
5 section 393.1020, with other fuels in the generation facility, but only the percentage of  
6 electricity that is attributable to a fuel listed in that section can be counted toward an  
7 electric corporation's renewable energy objectives.

          393.1040. In addition to the renewable energy objectives set forth in sections  
2 393.1025, 393.1030, and 393.1035, it is also the policy of this state to encourage electrical  
3 corporations to develop and administer energy efficiency initiatives that reduce the annual  
4 growth in energy consumption and the need to build additional electric generation  
5 capacity.

Section B. Section A of this act shall become effective January 1, 2008.

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