

SECOND REGULAR SESSION

HOUSE BILL NO. 2311

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ALLEN (Sponsor), BIVINS, GUERNSEY, HOLSMAN,
JONES (89), STORCH, McCLANAHAN, FLANIGAN, ZERR AND RIDDLE (Co-sponsors).

5321L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapters 393 and 643, RSMo, by adding thereto two new sections relating to combined heat and power.

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

Section A. Chapters 393 and 643, RSMo, are amended by adding thereto two new
2 sections, to be known as sections 393.109 and 643.370, to read as follows:

**393.109. 1. The general assembly finds that combined heat and power benefits
2 Missouri by providing usable energy more efficiently and cheaply, reducing pollution, and
3 enhancing the safety and reliability of electricity transmission and distribution. It is
4 therefore the policy of Missouri to facilitate the widespread application of combined heat
5 and power by the commercial, institutional, industrial, utility, and residential sectors.**

6 2. As used in this section, the following terms shall mean:

**7 (1) "Combined heat and power system" or "CHP system", a system that uses the
8 same energy source for the simultaneous or sequential generation of electrical power,
9 mechanical power, or both, and utilizes the resulting thermal energy that would otherwise
10 be wasted for heating, cooling, dehumidification, or other thermal applications. Where
11 waste heat is the only fuel input to the CHP system, the system will generate electrical
12 power and may or may not generate additional thermal energy;**

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

**14 (3) "Utility", a gas corporation or electrical corporation as those terms are defined
15 in section 386.020, except as used in subsection 10 of 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.

16 **3. The commission shall review and modify, if necessary, rules that address**
17 **cogeneration and distributed generation to ensure that for CHP systems, the provisions of**
18 **this section are adopted.**

19 **4. (1) Interconnection agreements, procedures, and fees shall be**
20 **nondiscriminatory, just and reasonable, and establish uniform, clear, and transparent time**
21 **lines. The rules shall be applicable to all facilities under state jurisdiction, and may**
22 **incorporate the applicable standards published by the Institute of Electrical and**
23 **Electronics Engineers as Standard 1547, the Interstate Renewable Energy Council, and the**
24 **National Association of Regulatory Utility Commissioners, as these may be amended from**
25 **time to time. The commission shall make available an expedited dispute resolution**
26 **mechanism.**

27 **(2) To be eligible for benefits under this section and section 643.370, a CHP system**
28 **shall, in addition to meeting the other requirements of this section:**

29 **(a) Have a nameplate generating capacity of fifty megawatts or less; and**

30 **(b) Be sized to meet at least a portion of the host site's onsite thermal demand if not**
31 **fueled entirely by waste heat, and the CHP system's output shall be at least twenty percent**
32 **electricity and at least twenty percent useful thermal energy.**

33 **5. Electrical corporations shall purchase from eligible CHP systems electricity that**
34 **is delivered to the grid. A CHP system that exports electricity to the grid shall use a time-**
35 **of-use metering system capable of registering the flow of electricity in two directions. If**
36 **the existing electrical metering is not capable of measuring the flow of electricity in two**
37 **directions, the customer shall be responsible for all expenses involved in purchasing and**
38 **installing the necessary metering. If an additional meter or meters are installed, the**
39 **electricity flow calculations shall yield a result identical to that of a time-of-use meter.**

40 **6. In its review of tariffs filed under this section, the commission shall determine**
41 **whether the tariffs meet the policy established in subsection 1 of this section and the**
42 **following provisions:**

43 **(1) The tariff shall provide for payment for every megawatt-hour delivered to the**
44 **electrical grid by the combined heat and power system at a just and reasonable rate but**
45 **no less than the wholesale rate for the host site of the CHP system;**

46 **(2) The tariff shall use time-of-delivery rates that encourage demand management**
47 **and net generation of electricity during periods of peak system demand, and shall allow for**
48 **congestion pricing;**

49 **(3) The tariff is available to CHP systems that are owned or leased and operate**
50 **within the service territory of the electrical corporation, upon request. An electrical**
51 **corporation shall make the terms of the tariff available in the form of a standard contract.**

52 **7. Every electrical corporation shall file a tariff in compliance with the provisions**
53 **of this section within ninety days of the effective date of this act.**

54 **8. The tariffs or contracts shall be available until the total installed capacity of CHP**
55 **system electrical generation, including the capacity installed within the territories of**
56 **municipally owned utilities and rural electric cooperatives, reaches five percent of total**
57 **electric generating capacity installed in Missouri. An electrical corporation, municipally**
58 **owned utility, or rural electric cooperative may thereafter continue to offer such tariffs or**
59 **contracts, once the five percent capacity is reached, the commission shall determine**
60 **whether to continue the tariffs based on its estimate of remaining cost-effective CHP**
61 **system generation potential.**

62 **9. Utilities may own CHP systems in full or in partnership with site owners.**
63 **Utilities may build CHP systems subject to the same rate-making treatment as other gas**
64 **or electric plants but without obtaining certificates of convenience and necessity. Wholly**
65 **non-utility-owned CHP systems shall not be considered regulated public utilities as defined**
66 **in section 386.020. For CHP system-related equipment not owned by a utility, the utility**
67 **shall not be liable for loss, damage, or injury caused directly or indirectly by the equipment**
68 **except for negligence by the utility in the purchase, installation, or modification of the**
69 **equipment.**

70 **10. The governing body of each rural electric cooperative and municipally owned**
71 **electric utility shall, within one year of August 28, 2010, take action to comply with its**
72 **terms, and in lieu of subsection 5 of this section shall provide a market for the purchase of**
73 **electricity generated by a combined heat and power system, at a just and reasonable rate.**
74 **A generation and transmission cooperative that provides energy services to distribution**
75 **cooperatives may act on behalf of the cooperatives it serves. A joint municipal utility**
76 **commission may act on behalf of its contracting municipalities.**

643.370. For permits issued under this chapter to combined heat and power
2 **systems, as defined in section 393.109, the department shall use emission standards**
3 **expressed in pounds per megawatt hour for both electrical and thermal energy.**

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