

HOUSE**AMENDMENT NO. ____****Offered by****of**

1 AMEND House Committee Substitute for Senate Bill No. 207, Page 1,
 2 In the Title, Line 11, by inserting after the word "provision"
 3 the words "and an emergency clause for a certain section"; and

4 Further amend said bill, Page 24, Section 393.1075, Line
 5 112, by inserting after all of said line the following:

6 "393.1400. Sections 393.1400 to 393.1445 shall be known as
 7 the "Renewable Energy Act".

8 393.1405. As used in sections 393.1400 to 393.1445, the
 9 following terms mean:

10 (1) "Commission", the public service commission;

11 (2) "Delivered energy", the energy from a renewable energy
 12 resource that is owned by an electrical corporation or that an
 13 electrical corporation has contracted to purchase for Missouri
 14 customers;

15 (3) "Department", the department of natural resources;

16 (4) "Electric utility", any electrical corporation as
 17 defined by section 386.020;

18 (5) "Levelized cost of energy", the present value of annual
 19 costs of a renewable resource generator over the economic life
 20 divided by the present value of the annual output of a renewable
 21 resource generator over the economic life using the utility's
 22 discount rate, including all costs of transmission or
 23 distribution to get the energy into the utility's Missouri
 24 service territory;

25 (6) "Megawatts", the gross nameplate rating of an
 26 electrical generator producing electrical energy equal to one
 27 thousand kilowatts;

28 (7) "Missouri revenues", the electric utility's revenues
 29 from retail customers in Missouri as reported on its audited

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1 financial statements for calendar year 2010;

2 (8) "Net-metered customers", customers of an electric
3 utility that install, own, and operate up to one hundred
4 kilowatts of their own electrical generation at their property,
5 that have executed all agreements required by the electric
6 utility for connection of their electrical generation to the
7 electric utility's system, and that are in compliance with the
8 terms of all such agreements;

9 (9) "New renewable generation", electrical generation from
10 a renewable energy resource that became fully operational and
11 used for service after November 4, 2008;

12 (10) "Professional forester", any individual who holds a
13 bachelor of science degree in forestry from a society of American
14 Foresters accredited college or university with a minimum of two
15 years of professional management experience;

16 (11) "Renewable energy credit" or "REC", a trackable
17 certificate of proof that one megawatt-hour of electricity has
18 been generated from one or more renewable energy resources;

19 (12) "Renewable energy resources", the electricity derived
20 from any of the following types of renewable energy resources or
21 technologies:

22 (a) Wind;

23 (b) Solar thermal sources or solar photovoltaic cells and
24 panels;

25 (c) Dedicated crops grown for energy production-herbaceous
26 and woody crops that are harvested specifically for energy
27 production in a sustainable manner;

28 (d) Cellulosic agricultural residues, which is organic
29 matter remaining after the harvesting and processing of
30 agricultural crops, which shall include:

31 a. Field residues, which are organic materials left on
32 agricultural lands after the crops have been harvested, such as
33 stalks, stubble, leaves, and seed pods; and

34 b. Process residues, which are organic materials left after
35 the crops have been processed into a usable resource, such as
36 husks, seeds, and roots;

37 (e) Plant residues, which are residues of plants that would

1 be converted into energy, that otherwise would be waste material;

2 (f) Clean and untreated wood, which are nonhazardous wood
3 that has not been chemically treated with chemical preservatives
4 which include the following:

5 a. Eligible clean and untreated wood, but is not
6 necessarily limited to, the following sources:

7 (i) Forest-related resources, such as precommercial
8 thinnings waste, slash (tree tops, branches, bark, or other
9 residue left on the ground after logging or other forestry
10 operations), brush, shrubs, stumps, lumber ends, trimmings, yard
11 waste, dead and downed forest products, and small diameter forest
12 thinnings (twelve inches in diameter or less);

13 (ii) Nonchemically treated wood and paper manufacturing
14 waste, such as bark, trim slabs, scrap, shavings, sawdust, sander
15 dust, and pulverized scraps;

16 (iii) Vegetation waste, such as landscape waste or
17 right-of-way trimmings;

18 (iv) Wood chips, pellets, briquettes, wood wastes, or woody
19 energy crops;

20 (v) Municipal solid waste, construction, and demolition
21 waste, urban wood waste, and other similar sources, only if wood
22 wastes are segregated from other solid wastes or inorganic
23 wastes; and

24 (vi) Other miscellaneous waste, such as waste pellets,
25 pallets, crates, scrap wood, tree debris left after a natural
26 catastrophe, and recycled paper fibers that are no longer
27 suitable for recycled paper production;

28 b. Ineligible clean and untreated wood, but is not
29 necessarily limited to, the following sources:

30 (i) Post-consumer wastepaper;

31 (ii) Wood from old growth forests (one hundred fifty years
32 old or older); and

33 (iii) Unsegregated solid waste;

34 (g) Methane from landfills or from wastewater treatment.

35 As used in this paragraph, "wastewater treatment" is defined as
36 physical, chemical, biological, and mechanical procedures applied
37 to an industrial or municipal discharge or to any other sources

1 of contaminated water to remove, reduce, or neutralize
2 contaminants;

3 (h) Hydropower, not including pumped storage, that does not
4 require a new diversion or impoundment of water and that each
5 generator has a nameplate rating of ten megawatts or less. If an
6 improvement to an existing hydropower facility does not require a
7 new diversion or impoundment of water and incrementally increases
8 the nameplate rating of each generator, up to ten megawatts per
9 generator, the improvement qualifies as an eligible renewable
10 energy resource;

11 (i) Thermal depolymerization or pyrolysis for converting
12 waste materials to energy;

13 (j) Fuel cells using hydrogen produced by renewable energy
14 resources defined in this subdivision. RECs based on generating
15 electricity in fuel cells from hydrogen derived from an eligible
16 energy resource are eligible for compliance purposes only to the
17 extent that the energy used to generate the hydrogen did not
18 create RECs;

19 (k) Anaerobic digestion of farm animal waste; or

20 (l) Other sources of energy, not including nuclear, that
21 become available after November 4, 2008, and are certified as
22 eligible renewable energy resources as defined by the department
23 in consultation with the commission;

24 (13) "Renewable energy standard" or "RES", the requirements
25 established by sections 393.1400 to 393.1445;

26 (14) "The annual value of any renewable energy purchased or
27 produced by the electric utility", the annual value of any
28 renewable energy purchased or produced by the electric utility's
29 renewable energy resources used for compliance with sections
30 393.1400 to 393.1445 shall for each hour of the annual period be
31 calculated by multiplying the energy produced from such resources
32 in that hour by the actual wholesale price of energy in the
33 electric utility's service territory as reflected by the regional
34 transmission organization's real time hourly energy market prices
35 within which the electric utility operates for that hour and
36 totaling those products for the entire annual period. However,
37 no such calculation or reduction shall be applied to dollars

1 spent by utilities in meeting the requirement of sections
2 393.1415 and 393.1420.

3 393.1410. 1. Electric utilities shall own new renewable
4 generation providing delivered energy, or shall purchase
5 delivered energy from new renewable generation, or a combination
6 thereof, totaling no less than the following nameplate amounts by
7 the following dates:

8 (1) For an electric utility with total retail Missouri
9 revenues as of December 31, 2010, of \$2.3 billion dollars or
10 more:

11 (a) By December 31, 2013: one hundred ten megawatts;

12 (b) By December 31, 2015: two hundred ten megawatts;

13 (c) By December 31, 2018: three hundred ten megawatts;

14 (d) By December 31, 2020: four hundred ten megawatts;

15 (2) For an electric utility with total retail Missouri
16 revenues as of December 31, 2010, of at least \$730 million
17 dollars but no more than \$2.29 billion dollars:

18 (a) By December 31, 2013: seventy megawatts;

19 (b) By December 31, 2015: one hundred seventy megawatts;

20 (c) By December 31, 2020: one hundred ninety-five
21 megawatts;

22 (3) For an electric utility with total retail Missouri
23 revenues as of December 31, 2010, of at least \$708 million
24 dollars but no more than \$780 million dollars:

25 (a) By December 31, 2015: twenty megawatts;

26 (b) By December 31, 2018: one hundred twenty megawatts;

27 (c) By December 31, 2020: one hundred forty-five
28 megawatts;

29 (4) An electric utility with total retail Missouri revenues
30 as of December 31, 2010, of less than seven hundred eight million
31 dollars that owns renewable generation providing delivered
32 energy, or purchases delivered energy from renewable generation,
33 or a combination thereof, totaling at least one hundred forty-
34 five megawatts by December 31, 2011, shall not be required to
35 provide additional renewable generation or purchase additional
36 delivered energy to comply with this section.

37 2. Notwithstanding subsection 1 of this section, if the

1 levelized cost of energy from the new renewable generation
2 prescribed by subsection 1 of this section exceeds seventy
3 dollars per megawatt-hour adjusted annually for inflation
4 according to the consumer price index, for each of the separate
5 time periods in subsection 1 of this section, then the megawatts
6 of new renewable generation prescribed for that time period by
7 subsection 1 of this section shall be reduced by five percent for
8 every dollar by which the levelized cost of energy exceeds
9 seventy dollars per megawatt-hour adjusted annually for inflation
10 according to the consumer price index.

11 3. Notwithstanding any provision of law to the contrary,
12 the following limitations on rate impact shall apply:

13 (1) Notwithstanding any provision of the law to the
14 contrary, the annual net cost during any calendar year to any
15 billing account that experienced a billing demand of five
16 thousand kilowatts or more during the preceding calendar year,
17 and to any interstate pipeline pumping station regardless of
18 size, shall not be more than one percent higher than the cost
19 would have been without the renewable energy mandates set forth
20 in sections 393.1400 to 393.1445, where such impact is measured
21 in accordance with subsection 5 of this section;

22 (2) In addition, the one percent limitation shall apply to
23 any other billing account of an entity qualifying under
24 subdivision (1) of this subsection where that account consumed
25 five million kilowatts or more during the preceding calendar
26 year, and also to any billing account consuming more than five
27 million kilowatts per year that belongs to a parent, subsidiary,
28 or affiliate of the entity responsible for paying the billings
29 for the account qualifying in subdivision (1) of this subsection;

30 (3) To qualify for the limitation in subdivision (2) of
31 this subsection, the entity responsible for the billing account
32 shall establish the existence of the required corporate
33 relationship to the satisfaction of the electric utility.

34 4. In addition, the net cost during any calendar year to
35 any billing account as measured in accordance with subsection 5
36 of this section, of a utility's compliance with the renewable
37 mandate shall not exceed one hundred thousand dollars.

1 5. For the purpose of applying subsection 4 of this
2 section, the annual net cost to any retail customer, of a
3 utility's compliance with the renewable mandates shall be
4 determined on an annual basis by computing that customer's share
5 of an electric utility's annual net costs to comply with the
6 renewable mandates as follows and limiting that share to one
7 hundred thousand dollars per year:

8 (1) The following costs shall be added:

9 (a) Annual costs associated with owning, operating, and
10 maintaining renewable energy resources used for compliance with
11 sections 393.1400 to 393.1445;

12 (b) Annual costs of purchased RECs;

13 (c) Annual cost of solar rebates;

14 (d) Annual renewable energy purchases utilized for
15 compliance with sections 393.1400 to 393.1445;

16 (e) Annual administrative and general costs related to
17 compliance with sections 393.1400 to 393.1445; and

18 (f) Additional operating costs incurred to integrate a
19 renewable energy resource due to its intermittent operating
20 characteristics;

21 (2) The annual value of any renewable energy purchased or
22 produced by the electric utility's renewable energy resources
23 used for compliance with sections 393.1400 to 393.1445 (excluding
24 sections 393.1415 and 393.1420) shall be subtracted from the sum
25 of paragraphs (a) to (f) of subdivision (1) of this subsection.

26
27 Furthermore, for the purpose of applying subsection 3 of this
28 section, the increased cost to the class defined therein shall be
29 determined on an annual basis by taking its share of an electric
30 utility's cost of compliance with the renewable mandates
31 determined as follows and limiting it to one percent:

32 (3) The following costs shall be added:

33 (a) Annual costs associated with owning, operating, and
34 maintaining renewable energy resources used for compliance with
35 sections 393.1400 to 393.1445;

36 (b) Annual costs of purchased RECs;

37 (c) Annual cost of solar rebates;

1 (d) Annual renewable energy purchases utilized for
2 compliance with sections 393.1400 to 393.1445;

3 (e) Annual administrative and general costs related to
4 compliance with sections 393.1400 to 393.1445; and

5 (f) Additional operating costs incurred to integrate a
6 renewable energy resource due to its intermittent operating
7 characteristics;

8 (4) The annual value of any renewable energy purchased or
9 produced by the electric utility's renewable energy resources
10 used for compliance with sections 393.1400 to 393.1445 (excluding
11 sections 393.1415 and 393.1420) shall be subtracted from the sum
12 of paragraphs (a) to (f) of subdivision (3) of this subsection.

13 6. An electric utility shall pay penalties of two thousand
14 dollars per day for failure to meet the nameplate amounts
15 specified in subsection 1 of this section. Any such monetary
16 fine shall be distributed to the public schools under section 7,
17 article IX of the Constitution of Missouri. An electric utility
18 shall be excused from this subsection if it proves to the
19 commission that failure was due to events beyond its reasonable
20 control that could not have been reasonably mitigated.

21 7. The exclusive title and ownership of all RECs associated
22 with the new renewable generation owned by an electric utility,
23 or to which an electric utility has rights, associated with the
24 generation referenced in this section shall be vested in the
25 electric utility.

26 8. In the event the federal government enacts by statute
27 and/or rule any provision or regulatory scheme that establishes
28 requirements for electric utilities to generate or purchase
29 electricity generated from renewable or clean energy resources
30 that is stricter than the provisions of this section, such
31 federal requirements shall supercede and take precedence over the
32 requirements as set forth in this section and shall accordingly
33 be deemed to preempt the provisions of this section and any
34 portfolio requirement rules prescribed by the commission under
35 subsection 1 of this section.

36 9. For purposes of subsection 3 of this section, the
37 electric utility shall make a good faith effort to adjust its

1 billings to comply with the rate impact limitations in
2 subsections 3 and 4 of this section. Within ninety days of the
3 end of each calendar year, the electric utility shall calculate
4 the actual rate impact and reimburse any excess collection by
5 means of a bill credit, which credit is subject to subsection 1
6 of section 393.1430.

7 10. Any new renewable generation within the state of
8 Missouri shall be given a ten percent credit for purposes of
9 compliance with sections 393.1400 to 393.1445.

10 11. (1) No renewable energy generator using woody biomass
11 in Missouri as fuel shall be certified unless it converts the
12 energy content of the wood or wood residue into electrical energy
13 with an efficiency of at least thirty percent.

14 (2) Any harvesting of woody biomass in Missouri shall
15 comply with the Missouri department of conservation's Missouri
16 woody biomass in Missouri harvesting best management practices
17 manual, as it may be updated from time-to-time or replaced.

18 (3) Harvest of woody biomass in Missouri shall be conducted
19 to a site specific harvest plan prepared as part of a forest
20 management plan for long-term forest sustainability developed by
21 a professional forester.

22 (4) Compliance with subdivisions (2) and (3) of this
23 subsection shall be verified by third-party, professional
24 foresters at the harvest site using a specified sampling
25 intensity and under standards prescribed by the Missouri
26 department of conservation.

27 393.1415. 1. An electric utility shall provide financial
28 incentives, of the following amounts, as follows:

29 (1) An electric utility with Missouri revenues of \$2.3
30 billion dollars or more shall, subject to the per-customer limits
31 specified in subsection 3 of this section, provide:

32 (a) Thirteen million dollars annually in each of calendar
33 years 2012 and 2013 to its net-metered customers that install up
34 to one hundred kilowatts of solar generation that becomes fully
35 operational on or after January 1, 2012, and on or before
36 December 31, 2013;

37 (b) Seven million dollars annually in each of calendar

1 years 2014, 2015, 2016, and 2017 to its net-metered customers
2 that install up to one hundred kilowatts of solar generation that
3 becomes fully operational on or after January 1, 2014, and on or
4 before December 31, 2017;

5 (c) Two million dollars annually in each of calendar years
6 2018, 2019, and 2020 to its net-metered customers that install up
7 to one hundred kilowatts of solar generation that becomes fully
8 operational on or after January 1, 2018, and on or before
9 December 31, 2020;

10 (2) An electric utility with Missouri revenues of at least
11 \$730 million dollars but no more than \$2.29 billion dollars
12 shall, subject to the per-customer limits specified in subsection
13 3 of this section, provide:

14 (a) Two and one-half million dollars annually in each of
15 calendar years 2012 and 2013 to its net-metered customers that
16 install up to one hundred kilowatts of solar generation that
17 becomes fully operational on or after January 1, 2012, and on or
18 before December 31, 2013;

19 (b) Two and one-quarter million dollars annually in each of
20 calendar years 2014, 2015, 2016, and 2017 to its net-metered
21 customers that install up to one hundred kilowatts of solar
22 generation that becomes fully operational on or after January 1,
23 2014, and on or before December 31, 2017;

24 (c) One and one-half million dollars annually in each of
25 calendar years 2018, 2019, and 2020 to its net-metered customers
26 that install up to one hundred kilowatts of solar generation that
27 becomes fully operational on or after January 1, 2018, and on or
28 before December 31, 2020;

29 (3) An electric utility with Missouri revenues of at least
30 \$708 million dollars but no more than \$780 million dollars shall,
31 subject to the per-customer limits specified in subsection 3 of
32 this section, provide:

33 (a) Two and one-half million dollars annually in each of
34 calendar years 2012 and 2013 to its net-metered customers that
35 install up to one hundred kilowatts of solar generation that
36 becomes fully operational on or after January 1, 2012, and on or
37 before December 31, 2013;

1 **(b) Two and one-quarter million dollars annually in each of**
2 **calendar years 2014, 2015, 2016, and 2017 to its net-metered**
3 **customers that install up to one hundred kilowatts of solar**
4 **generation that becomes fully operational on or after January 1,**
5 **2014, and on or before December 31, 2017;**

6 **(c) One and one-half million dollars annually in each of**
7 **calendar years 2018, 2019, and 2020 to its net-metered customers**
8 **that install up to one hundred kilowatts of solar generation that**
9 **becomes fully operational on or after January 1, 2018, and on or**
10 **before December 31, 2020;**

11 **(4) An electric utility with Missouri revenues of at least**
12 **\$350 million dollars but no more than \$649 million dollars shall,**
13 **subject to the per-customer limits specified in subsection 3 of**
14 **this section, provide:**

15 **(a) One and one-half million dollars annually in each of**
16 **calendar years 2012 and 2013 to its net-metered customers that**
17 **install up to one hundred kilowatts of solar generation that**
18 **becomes fully operational on or after January 1, 2012, and on or**
19 **before December 31, 2013;**

20 **(b) One million dollars annually in each of calendar years**
21 **2014, 2015, 2016, and 2017 to its net-metered customers that**
22 **install up to one hundred kilowatts of solar generation that**
23 **becomes fully operational on or after January 1, 2014, and on or**
24 **before December 31, 2017;**

25 **(c) Five hundred thousand dollars annually in each of**
26 **calendar years 2018, 2019, and 2020 to its net-metered customers**
27 **that install up to one hundred kilowatts of solar generation that**
28 **becomes fully operational on or after January 1, 2018, and on or**
29 **before December 31, 2020.**

30 **2. The financial incentive amounts prescribed by subsection**
31 **1 of this section shall at the discretion of the utility be**
32 **treated as part of the electric utility's net capital investments**
33 **in renewable energy resources for purposes of determining the**
34 **appropriate RES rate under sections 393.1425 to 393.1443..**

35 **3. A net-metered customer shall be eligible for a financial**
36 **incentive investment of three dollars per watt for the first**
37 **twenty-five kilowatts of solar generation installed, and two**

1 dollars per watt for the next additional twenty-five kilowatts of
2 solar generation installed for a maximum incentive not to exceed
3 fifty kilowatts. Notwithstanding the foregoing provisions of
4 this subsection, no customer shall receive a total financial
5 incentive payment that exceeds sixty percent of the total
6 installed cost of the customer's solar generation in years 2012
7 to 2013, fifty percent in years 2014 to 2017, forty percent in
8 years 2018 to 2020, and no financial incentive payments shall be
9 made until the customer has provided documentation approved by
10 the electric utility establishing the total installed cost. To
11 further ensure that all such installations provide the optimal
12 electrical output, the commission shall establish terms and
13 conditions so that such installations meet the requirements using
14 established industry standards and practices.

15 4. An electric utility has no obligation to provide any
16 additional financial incentive investments in a calendar year
17 once the annual amount for that calendar year and any excess
18 amount not otherwise provided to net-metered customers in any
19 prior year as specified in subsection 1 of this section is
20 exhausted. Financial incentive investment amounts not exhausted
21 in a prior calendar year shall carry over to subsequent calendar
22 years but no amounts shall be carried forward beyond December 31,
23 2021.

24 5. By accepting the terms and conditions established by the
25 electric utility for eligibility and in conjunction with all net-
26 metering requirements, financial incentives provided by
27 subsection 3 of this section:

28 (1) For all systems, the net-metering customer agrees that
29 the electric utility providing the financial incentive shall have
30 and possess all right, title, and interest in and to all RECs
31 generated up to a maximum of fifty kilowatts by the solar
32 generation for which financial incentives were paid for a period
33 of ten years after the solar generation became fully operational;
34 provided, that thereafter, any such RECs shall belong to the net-
35 metering customer owning the generation; and

36 (2) The net-metering customer installing a system of ten
37 kilowatts or more agrees to install, at the customer's expense, a

1 separate utility meter to measure the output from the customer's
2 system.

3 6. Each electric utility shall make available to its retail
4 customers a standard rebate offer of at least three dollars per
5 installed watt for new or expanded solar electric systems sited
6 on customers' premises, up to a maximum of twenty-five kilowatts
7 per system, that become operational after August 28, 2011, and
8 prior to January 1, 2012. All such amounts paid by an electric
9 utility to a customer under this subsection shall be applied
10 against the annual amount of financial incentive investments for
11 calendar year 2012 as specified in subsection 1 of this section.

12 393.1420. 1. In addition to the requirements of subsection
13 1 of section 393.1415, an electric utility with revenues of \$2.3
14 billion dollars or more shall provide up to a maximum of five
15 hundred thousand dollars annually in each of calendar years 2012,
16 2013, and 2014 to its net-metered customers that install nonsolar
17 renewable energy resources of up to one hundred kilowatts that
18 become fully operational within each respective calendar year.

19 2. The financial incentive amounts prescribed by subsection
20 1 of this section shall be expensed by the electric utility in
21 the year in which they are paid.

22 3. A net-metered customer shall be eligible for a financial
23 incentive of one dollar per watt for nonsolar renewable energy
24 resources installed in 2012, 2013, or 2014 not to exceed one
25 hundred kilowatts. Notwithstanding the foregoing provisions of
26 this subsection, no customer shall receive a total financial
27 incentive payment that exceeds forty percent of the total
28 installed cost of the customer's new renewable generation, and no
29 financial incentive payments shall be made until the customer has
30 provided documentation approved by the electric utility
31 establishing the total installed cost.

32 4. An electric utility has no obligation to provide any
33 additional financial incentive investments in a calendar year
34 once the annual amount for that calendar year and any excess
35 amount not otherwise provided to net-metered customers in any
36 prior year as specified in subsection 3 of this section is
37 exhausted. Financial incentive amounts not exhausted in a prior

1 calendar year shall carry over to subsequent calendar years but
2 no amounts shall be carried forward beyond December 31, 2015.

3 5. By accepting the financial incentives provided by this
4 section the net-metering customer installing a system of ten
5 kilowatts or more agrees to install, at the customer's expense, a
6 separate meter to measure the output from the customer's system.

7 393.1425. 1. As used in sections 393.1410 and 393.1425 to
8 393.1435, the following words and phrases mean:

9 (1) "Accumulation period", a period no greater than twelve
10 months preceding a filing to establish or change the RES during
11 which the RES expenses used in the filing are accumulated for
12 recovery through the RES tariff;

13 (2) "RES capital costs", the depreciation expense and
14 property taxes of the electric utility that are associated with
15 the electric utility's capital investments in renewable energy
16 resources that provide delivered energy, including capital
17 investments made in compliance with section 393.1410 and capital
18 investments made to comply with renewable energy standards in
19 effect prior to the effective date of sections 393.1400 to
20 393.1445;

21 (3) "RES costs", the sum of:

22 (a) RES expenses;

23 (b) RES capital costs; and

24 (c) RES return applicable to a filing to establish or
25 change an RES rate, less;

26 (d) The annual value of any renewable energy purchased or
27 produced by the electric utility;

28 (4) RES cost recovery mechanism" or "RCRM", the mechanism
29 approved by the commission to allow an electric utility to
30 recover all costs of compliance with the RES;

31 (5) "RES expenses", the sum of:

32 (a) The electric utility's accumulation period costs of
33 obtaining delivered energy from renewable energy resources under
34 contracts entered into on or after January 1, 2011, and the
35 financial incentives paid and expensed by the electric utility
36 during the accumulation period under sections 393.1415 and
37 393.1420; and

1 **(b) The electric utility's unrecovered costs incurred on or**
2 **after November 4, 2008, through the end of the accumulation**
3 **period relating to its compliance with renewable energy standards**
4 **in effect prior to the effective date of sections 393.1400 to**
5 **393.1445, including, but not limited to, its administrative**
6 **costs, which include but are not limited to the cost to register,**
7 **retire, or close out any account RECs with the North American**
8 **Renewable Registry; the costs of solar rebates; the costs of**
9 **solar RECs, whether acquired through a contract with the electric**
10 **utility's customers or from third parties to meet the solar**
11 **requirements of the RES; and any other costs incurred by the**
12 **electric utility to meet the requirements of the RES. Any RES**
13 **expenses that were previously included in the electric utility's**
14 **rates shall be excluded;**

15 **(6) "RES rate", a rate approved by the commission for**
16 **recovery of RES costs;**

17 **(7) "RES return", the electric utility's weighted average**
18 **cost of capital multiplied by: the electric utility's net**
19 **capital investments in renewable energy resources that provide**
20 **delivered energy, including capital investments made to comply**
21 **with renewable energy standards in effect prior to the effective**
22 **date of sections 393.1400 to 393.1445, on the electric utility's**
23 **books as of the end of the accumulation period. The income taxes**
24 **related to the RES return shall be included;**

25 **(8) "RES revenues", revenues produced through a RES rate**
26 **exclusive of revenues from all other rates and charges.**

27 **2. All RES costs incurred under paragraph (a) or (b) of**
28 **subdivision (5) of subsection 1 of this section, regardless of**
29 **contract term, shall be recovered in the electric utility's RES**
30 **rate. That is, where the electric utility enters into contracts**
31 **under subsection 1 of section 393.1410 that extend beyond the**
32 **indicated dates, then all RES costs as defined in this section**
33 **shall be included in the RES rate.**

34 **393.1430. 1. Notwithstanding any provisions of this**
35 **chapter and chapter 386 to the contrary, beginning August 28,**
36 **2011, an electric utility may file a petition and proposed**
37 **tariffs with the commission to establish a RCRM or to change a**

1 RES rate that will allow for the adjustment of the electric
2 utility's rates and charges to provide for full recovery of RES
3 costs, including full recovery of any RES costs in excess of the
4 rate impact caps in section 393.1410. A RES rate and any future
5 changes thereto shall be calculated and implemented in accordance
6 with the provisions of sections 393.1425 to 393.1435. RES
7 revenues shall be subject to refund based upon a finding and
8 order of the commission to the extent provided in subsections 5
9 and 8 of section 393.1435.

10 2. The commission shall not approve a RCRM or a RES rate
11 for any electric utility that has not had a general rate
12 proceeding decided or dismissed by issuance of a commission order
13 within the past five years, unless the electric utility has filed
14 for or is the subject of a new general rate proceeding.

15 3. In no event shall an electric utility collect a RES rate
16 or continue to use an approved RCRM for a period exceeding five
17 years unless the electric utility has filed for or is the subject
18 of a new general rate proceeding where the terms of the RCRM are
19 reviewed by the commission; provided that a RES rate that is
20 approved in accordance with section 393.1435 may be collected
21 until the effective date of new rate schedules established as a
22 result of the new general rate proceeding, or until the subject
23 general rate proceeding is otherwise decided or dismissed by
24 issuance of a commission order without new rates being
25 established.

26 393.1435. 1. (1) At the time that an electric utility
27 files a petition with the commission seeking to establish or
28 change a RES rate, it shall submit proposed tariffs and its
29 supporting documentation regarding the calculation of the
30 proposed RES with the petition, and shall serve the office of the
31 public counsel with a copy of its petition, its proposed RES rate
32 tariff, and its supporting documentation.

33 (2) Upon the filing of a petition and any associated
34 tariffs, seeking to establish or change a RES rate, the
35 commission shall publish notice of the filing.

36 2. (1) When a petition, along with any associated proposed
37 tariffs, is filed under the provisions of sections 393.1425 to

1 393.1435, the staff of the commission shall conduct an
2 examination of the proposed RES rate.

3 (2) The staff of the commission may audit the information
4 of the electric utility to confirm that the underlying RES costs
5 are in accordance with the provisions of sections 393.1425 to
6 393.1435, and to confirm proper calculation of the proposed RES
7 rate, and may submit a report regarding its examination to the
8 commission not later than sixty days after the petition is filed.
9 No other revenue requirement or rate making issues may be
10 examined in consideration of the petition or associated proposed
11 RES rate filed under the provisions of sections 393.1425 to
12 393.1435.

13 (3) The commission may hold a hearing on the petition and
14 any proposed RES rate and shall issue an order to become
15 effective not later than one hundred twenty days after the
16 petition is filed.

17 (4) If the commission finds that a petition complies with
18 the requirements of sections 393.1425 to 393.1435, the commission
19 shall enter an order authorizing the electric utility to impose a
20 RES rate that is sufficient to recover appropriate pretax
21 revenue, as determined by the commission under the provisions of
22 sections 393.1425 to 393.1435.

23 3. An electric utility may effectuate a change in its RES
24 under the provisions of this section no more often than two times
25 every twelve months.

26 4. In determining the appropriate RES rate, the commission
27 shall consider only the following factors:

28 (1) The current state, federal, and local income tax or
29 excise rates;

30 (2) The electric utility's actual regulatory capital
31 structure as determined during the most recent general rate
32 proceeding of the electric utility;

33 (3) The actual cost rates for the electric utility's debt
34 and preferred stock as determined during the most recent general
35 rate proceeding of the electric utility;

36 (4) The electric utility's cost of common equity as
37 determined during the most recent general rate proceeding of the

1 electric utility;

2 (5) The current property tax rate or rates applicable to
3 the investments in renewable energy resources;

4 (6) The current depreciation rates applicable to the
5 investments in renewable energy resources; and

6 (7) In the event information under subdivisions (2), (3),
7 and (4) of this subsection are unavailable and the commission is
8 not provided with such information as an agreed-upon basis, the
9 commission shall refer to the testimony submitted during the most
10 recent general rate proceeding of the electric utility and use,
11 in lieu of any such unavailable information, the recommended
12 capital structure, recommended cost rates for debt and preferred
13 stock, and recommended cost of common equity that would produce
14 the average weighted cost of capital based upon the various
15 recommendations contained in such testimony.

16 5. (1) The monthly RES rate may be calculated based on a
17 reasonable estimate of billing units in the period in which the
18 charge will be in effect, which shall be conclusively established
19 by dividing the appropriate RES revenues by the customer numbers
20 reported by the electric utility in the annual report it most
21 recently filed with the commission under subdivision (6) of
22 section 393.140, and then further dividing this quotient by
23 twelve; provided, however, that the monthly RES may vary
24 according to customer class and may be calculated based on
25 customer numbers as determined during the most recent general
26 rate proceeding of the electric utility so long as the monthly
27 RES revenue for each customer class maintains a proportional
28 relationship equivalent to the proportional relationship of the
29 monthly customer charge revenue for each customer class.

30 (2) At the end of each twelve-month calendar period the
31 RCRM is in effect, the electric utility shall reconcile the
32 differences between the RES revenues resulting from application
33 of the RES rate and the appropriate RES revenues as found by the
34 commission for that period and shall submit the reconciliation
35 and a proposed RES rate adjustment to the commission for approval
36 to recover or refund the difference, as appropriate, through
37 adjustments to the RES.

1 6. (1) An electric utility that has implemented a RCRM
2 under the provisions of sections 393.1425 to 393.1435 shall file
3 revised tariffs to reset the RES rate to zero when new base rates
4 and charges become effective for the electric utility following a
5 commission order establishing customer rates in a general rate
6 proceeding that incorporates in the utility's base rates subject
7 to subsections 8 and 9 of this section eligible costs previously
8 reflected in a RES rate.

9 (2) Upon the inclusion in an electric utility's base rates
10 subject to subsections 8 and 9 of this section of eligible costs
11 previously reflected in a RES rate, the electric utility shall
12 immediately thereafter reconcile any previously unreconciled RES
13 revenues as necessary to ensure that revenues resulting from
14 application of the RES rate match as closely as possible the
15 appropriate RES revenues as found by the commission for that
16 period.

17 7. An electric utility's filing of a petition or change to
18 a RES rate under the provisions of sections 393.1425 to 393.1435
19 shall not be considered a request for a general increase in the
20 electric utility's base rates and charges.

21 8. Commission approval of a petition and any associated
22 rate schedules to establish or change a RES rate under the
23 provisions of sections 393.1425 to 393.1435 shall in no way be
24 binding upon the commission in determining the rate making
25 treatment to be applied to eligible RES costs during a subsequent
26 general rate proceeding when the commission may undertake to
27 review the prudence of such costs. In the event the commission
28 disallows, during a subsequent general rate proceeding, recovery
29 of any RES costs previously included in a RES rate, the electric
30 utility shall change its RES rate in the future as necessary to
31 recognize and account for any such over collections.

32 9. Nothing in this section shall be construed as limiting
33 the authority of the commission to review and consider RES costs
34 along with other costs during any general rate proceeding of any
35 electric utility.

36 10. Nothing contained in sections 393.1425 to 393.1435
37 shall be construed to impair in any way the authority of the

1 commission to review the reasonableness of the rates or charges
2 of an electric utility, including review of the prudence of
3 incurring RES costs, under the provisions of section 386.390.

4 11. Notwithstanding the terms of any fuel adjustment clause
5 tariff approved for an electric utility under section 386.266,
6 the cost of power purchased from a renewable energy resource
7 shall constitute a RES expense as defined in subsection 2 of
8 section 393.1425, and shall not constitute purchased power
9 expense under any such fuel adjustment clause tariff.

10 12. The commission shall have the authority to promulgate
11 rules for the implementation of sections 393.1425 to 393.1435,
12 but only to the extent such rules are consistent with, and do not
13 delay the implementation of, the provisions of sections 393.1425
14 to 393.1435. Any rule or portion of a rule, as that term is
15 defined in section 536.010, that is created under the authority
16 delegated in this section shall become effective only if it
17 complies with and is subject to all of the provisions of chapter
18 536 and, if applicable, section 536.028. This section and
19 chapter 536 are nonseverable and if any of the powers vested with
20 the general assembly under chapter 536 to review, to delay the
21 effective date, or to disapprove and annul a rule are
22 subsequently held unconstitutional, then the grant of rulemaking
23 authority and any rule proposed or adopted after August 28, 2011,
24 shall be invalid and void.

25 13. Alternatively, an electric utility may recover RES
26 compliance costs without use of the RES cost recovery mechanism,
27 through rates established in a general rate proceeding. In the
28 interim between general rate proceedings, the electric utility
29 may defer the costs in a regulatory asset account, and monthly
30 calculate a carrying charge on the balance in that regulatory
31 asset account equal to its short-term cost of borrowing. All
32 questions pertaining to rate recovery of the RES compliance costs
33 in a subsequent general rate proceeding will be reserved to that
34 proceeding, including the prudence of the costs for which rate
35 recovery is sought and the period of time over which any costs
36 allowed rate recovery will be amortized. Any rate recovery
37 granted to RES compliance costs under this subsection shall be

1 fully subject to the retail rate impact requirements of the RES.

2 393.1440. 1. Beginning October 1, 2011, for calendar year
3 2012, and by June thirtieth of each succeeding calendar year, an
4 electric utility shall provide a written compliance plan to the
5 commission documenting the electric utility's plans for meeting
6 the requirements of sections 393.1405 to 393.1420 for at least
7 the following three calendar years. The compliance plan shall
8 include the electric utility's plans regarding the types of
9 renewable energy resources the electric utility intends to build
10 or acquire, and the time frames associated therewith.

11 2. Beginning April 15, 2013, for calendar year 2012, and by
12 April fifteenth of each succeeding calendar year, an electric
13 utility shall provide a compliance report to the commission
14 documenting the electric utility's progress in meeting the
15 requirements of sections 393.1405 to 393.1420 for the preceding
16 calendar year.

17 393.1443. Notwithstanding the Missouri Public Service
18 Commissions Agreement and Order number EO-2005-0329, a utility
19 shall recover its costs in accordance with sections 393.1400 to
20 393.1440, and the Missouri Public Service Commission shall allow
21 for such recovery under sections 393.1400 to 393.1440.

22 393.1445. For purposes of compliance with the requirements
23 of sections 393.1405 to 393.1420, electric utilities owned by the
24 same holding company and operated commonly may reallocate the
25 commitments between the electric utilities at its discretion such
26 that the overall commitment is maintained.

27 620.2300. 1. As used in this section, the following terms
28 shall mean:

29 (1) "Department", the Missouri department of economic
30 development;

31 (2) "Biomass facility", a biomass renewable energy facility
32 or biomass fuel production facility that will not be a major
33 source for air quality permitting purposes;

34 (3) "Commission", the Missouri public service commission;

35 (4) "County average wage", the average wages in each county
36 as determined by the department for the most recently completed
37 full calendar year. However, if the computed county average wage

1 is above the statewide average wage, the statewide average wage
2 shall be deemed the county average wage for such county for the
3 purpose of determining eligibility. The department shall publish
4 the county average wage for each county at least annually.

5 Notwithstanding the provisions of this subdivision to the
6 contrary, for any project that is relocating employees from a
7 Missouri county with a higher county average wage, the company
8 shall obtain the endorsement of the governing body of the
9 community from which jobs are being relocated or the county
10 average wage for their project shall be the county average wage
11 for the county from which the employees are being relocated;

12 (5) "Full-time employee", an employee of the project
13 facility that is scheduled to work an average of at least
14 thirty-five hours per week for a twelve-month period, and one for
15 which the employer offers health insurance and pays at least
16 fifty percent of such insurance premiums;

17 (6) "Major source", the same meaning as is provided under
18 40 CFR 70.2;

19 (7) "New job", the number of full-time employees located at
20 the project facility that exceeds the project facility base
21 employment less any decrease in the number of full-time employees
22 at related facilities below the related facility base employment.
23 An employee that spends less than fifty percent of the employee's
24 work time at the project facility is still considered to be
25 located at a facility if the employee receives his or her
26 directions and control from that facility, is on the facility's
27 payroll, one hundred percent of the employee's income from such
28 employment is Missouri income, and the employee is paid at or
29 above the state average wage;

30 (8) "Park", an area consisting of a parcel or tract of
31 land, or any combination of parcels or contiguous land that meet
32 all of the following requirements:

33 (a) The area consists of at least fifty contiguous acres;

34 (b) The property within the area is subject to remediation
35 under a clean up program supervised by the Missouri department of
36 natural resources or United States Environmental Protection
37 Agency;

1 (c) The area contains a manufacturing facility that is
2 closed, undergoing closure, idle, underutilized, or curtailed and
3 that at one time employed at least two hundred employees;

4 (d) The development plan for the area includes a biomass
5 facility; and

6 (e) Property located within the area will be used for the
7 development of renewable energy and the demonstration of
8 industrial on-site energy generation;

9 (9) "Project", a cleanfields renewable energy demonstration
10 project located within a park that will result in the creation of
11 at least fifty new jobs and the retention of at least fifty
12 existing jobs;

13 (10) "Project application", an application submitted to the
14 department, by an owner of all or a portion of a park, on a form
15 provided by the department, requesting benefits provided under
16 this section;

17 (11) "Project facility", a biomass facility at which the
18 new jobs will be located. A project facility may include
19 separate buildings that are located within fifty miles of each
20 other or within the same county such that their purpose and
21 operations are interrelated;

22 (12) "Project facility base employment", the greater of the
23 number of full-time employees located at the project facility on
24 the date of the project application or for the twelve-month
25 period prior to the date of the project application, the average
26 number of full-time employees located at the project facility.
27 In the event the project facility has not been in operation for a
28 full twelve-month period, the average number of full-time
29 employees for the number of months the project facility has been
30 in operation prior to the date of the project application.

31 2. The owner of a park seeking to establish a project shall
32 submit a project application to the department for certification
33 of such project. The department shall review all project
34 applications received under this section and, in consultation
35 with the department of natural resources, verify satisfaction of
36 the requirements of this section. If the department approves a
37 project application, the department shall forward such

1 application and approval to the commission.

2 3. Notwithstanding provisions of section 393.1030 to the
3 contrary, upon receipt of an application and approval from the
4 department, the commission shall assign twice credit to any
5 electric power, renewable energy, renewable energy credits, or
6 any successor credit generated from:

7 (1) Renewable energy resources purchased from the biomass
8 facility located in the park by an electric power supplier;

9 (2) Electric power generated off-site by utilizing biomass
10 fuel sold by the biomass facility located at the park; or

11 (3) Electric power generated off-site by renewable energy
12 resources utilizing storage equipment manufactured at the park
13 that increases the quantity of electricity delivered to the
14 electric power supplier."; and

15 Further amend said bill, Page 24, Section 386.850, Line 6,
16 by inserting after all of said line the following:

17 "[393.1020. Sections 393.1025 and 393.1030 shall
18 be known as the "Renewable Energy Standard".]
19

20 [393.1025. As used in sections 393.1020 to
21 393.1030, the following terms mean:

22 (1) "Commission", the public service commission;

23 (2) "Department", the department of natural
24 resources;

25 (3) "Electric utility", any electrical
26 corporation as defined by section 386.020;

27 (4) "Renewable energy credit" or "REC", a
28 tradeable certificate of proof that one megawatt-hour
29 of electricity has been generated from renewable energy
30 sources; and

31 (5) "Renewable energy resources", electric energy
32 produced from wind, solar thermal sources, photovoltaic
33 cells and panels, dedicated crops grown for energy
34 production, cellulosic agricultural residues, plant
35 residues, methane from landfills, from agricultural
36 operations, or from wastewater treatment, thermal
37 depolymerization or pyrolysis for converting waste
38 material to energy, clean and untreated wood such as
39 pallets, hydropower (not including pumped storage) that
40 does not require a new diversion or impoundment of
41 water and that has a nameplate rating of ten megawatts
42 or less, fuel cells using hydrogen produced by one of
43 the above-named renewable energy sources, and other

1 sources of energy not including nuclear that become
2 available after November 4, 2008, and are certified as
3 renewable by rule by the department.]
4

5 [393.1030. 1. The commission shall, in
6 consultation with the department, prescribe by rule a
7 portfolio requirement for all electric utilities to
8 generate or purchase electricity generated from
9 renewable energy resources. Such portfolio requirement
10 shall provide that electricity from renewable energy
11 resources shall constitute the following portions of
12 each electric utility's sales:

13 (1) No less than two percent for calendar years
14 2011 through 2013;

15 (2) No less than five percent for calendar years
16 2014 through 2017;

17 (3) No less than ten percent for calendar years
18 2018 through 2020; and

19 (4) No less than fifteen percent in each calendar
20 year beginning in 2021. At least two percent of each
21 portfolio requirement shall be derived from solar
22 energy. The portfolio requirements shall apply to all
23 power sold to Missouri consumers whether such power is
24 self-generated or purchased from another source in or
25 outside of this state. A utility may comply with the
26 standard in whole or in part by purchasing RECs. Each
27 kilowatt-hour of eligible energy generated in Missouri
28 shall count as 1.25 kilowatt-hours for purposes of
29 compliance.

30 2. The commission, in consultation with the
31 department and within one year of November 4, 2008,
32 shall select a program for tracking and verifying the
33 trading of renewable energy credits. An unused credit
34 may exist for up to three years from the date of its
35 creation. A credit may be used only once to comply
36 with sections 393.1020 to 393.1030 and may not also be
37 used to satisfy any similar nonfederal requirement. An
38 electric utility may not use a credit derived from a
39 green pricing program. Certificates from net-metered
40 sources shall initially be owned by the
41 customer-generator. The commission, except where the
42 department is specified, shall make whatever rules are
43 necessary to enforce the renewable energy standard.
44 Such rules shall include:

45 (1) A maximum average retail rate increase of one
46 percent determined by estimating and comparing the
47 electric utility's cost of compliance with least-cost
48 renewable generation and the cost of continuing to

1 generate or purchase electricity from entirely
2 nonrenewable sources, taking into proper account future
3 environmental regulatory risk including the risk of
4 greenhouse gas regulation;

5 (2) Penalties of at least twice the average
6 market value of renewable energy credits for the
7 compliance period for failure to meet the targets of
8 subsection 1. An electric utility will be excused if
9 it proves to the commission that failure was due to
10 events beyond its reasonable control that could not
11 have been reasonably mitigated, or that the maximum
12 average retail rate increase has been reached.
13 Penalties shall not be recovered from customers.
14 Amounts forfeited under this section shall be remitted
15 to the department to purchase renewable energy credits
16 needed for compliance. Any excess forfeited revenues
17 shall be used by the department's energy center solely
18 for renewable energy and energy efficiency projects;

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

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

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

33 4. The department shall, in consultation with the
34 commission, establish by rule a certification process
35 for electricity generated from renewable resources and
36 used to fulfill the requirements of subsection 1 of
37 this section. Certification criteria for renewable
38 energy generation shall be determined by factors that
39 include fuel type, technology, and the environmental
40 impacts of the generating facility. Renewable energy
41 facilities shall not cause undue adverse air, water, or
42 land use impacts, including impacts associated with the
43 gathering of generation feedstocks. If any amount of
44 fossil fuel is used with renewable energy resources,
45 only the portion of electrical output attributable to
46 renewable energy resources shall be used to fulfill the
47 portfolio requirements.

48 5. In carrying out the provisions of this

1 section, the commission and the department shall
2 include methane generated from the anaerobic digestion
3 of farm animal waste and thermal depolymerization or
4 pyrolysis for converting waste material to energy as
5 renewable energy resources for purposes of this
6 section.]

7
8 [393.1040. In addition to the renewable energy
9 objectives set forth in sections 393.1025, 393.1030,
10 and 393.1035, it is also the policy of this state to
11 encourage electrical corporations to develop and
12 administer energy efficiency initiatives that reduce
13 the annual growth in energy consumption and the need to
14 build additional electric generation capacity.]

15
16 [393.1045. Any renewable mandate required by law
17 shall not raise the retail rates charged to the
18 customers of electric retail suppliers by an average of
19 more than one percent in any year, and all the costs
20 associated with any such renewable mandate shall be
21 recoverable in the retail rates charged by the electric
22 supplier. Solar rebates shall be included in the one
23 percent rate cap provided for in this section.]

24 _____Section B. Because of the need to ensure the creation of
25 jobs through the utilization of alternative energy sources, the
26 enactment of section 620.2300 of section A of this act is deemed
27 necessary for the immediate preservation of the public health,
28 welfare, peace and safety, and is hereby declared to be an
29 emergency act within the meaning of the constitution, and the
30 enactment of section 620.2300 of section A of this act shall be
31 in full force and effect upon its passage and approval."; and

32 Further amend said title, enacting clause and intersectional
33 references accordingly.