

SECOND REGULAR SESSION

HOUSE BILL NO. 2519

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCNEIL.

6408H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

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

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 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. If 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) "Electric utility", an electrical corporation as defined under section 386.020;**
 - (4) "Gas utility", a gas corporation as defined under section 386.020;**
 - (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.**
- 2. Combined heat and power systems benefit Missouri by providing usable energy more efficiently and cheaply, reducing pollution, and enhancing the safety and reliability of electricity transmission and distribution. It is the policy of this state to facilitate the**

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.

18 widespread application of combined heat and power systems by the commercial,
19 institutional, industrial, utility, and residential sectors.

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

36 4. (1) All electric utilities shall have the obligation to connect any interconnection
37 customer, including those using combined heat and power systems, located within its
38 service territory to those facilities of the utility that are used for delivery of electric energy,
39 subject to the commission rules and regulations and approved tariff provisions relating to
40 the connection of service. The services provided to each interconnection customer shall be
41 comparable in quality to those provided by the electric utility to itself or to any affiliate.
42 Electric utilities shall make available the interconnection studies from similar facilities
43 previously connected to its systems.

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

50 (3) An electric utility shall not charge interconnection customers any fee or charge
51 or require additional equipment, insurance, or any other requirements not specifically
52 authorized by interconnection standards approved by the commission, unless the fee,

53 charge, or other requirement would apply to other similarly situated customers who are
54 not interconnection customers.

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

58 (b) Interconnection customers shall not be considered regulated public utilities as
59 defined under section 386.020.

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

64 5. The governing body of a rural electric cooperative or municipal utility shall,
65 within one year after August 28, 2016, adopt policies consistent with the commission's rule
66 adopted under this section and establish simple, standard interconnection contracts.

67 6. Any rule or portion of a rule, as that term is defined in section 536.010, that is
68 created under the authority delegated in this section shall become effective only if it
69 complies with and is subject to all of the provisions of chapter 536 and, if applicable,
70 section 536.028. This section and chapter 536 are nonseverable, and if any of the powers
71 vested with the general assembly under chapter 536 to review, to delay the effective date,
72 or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
73 of rulemaking authority and any rule proposed or adopted after August 28, 2016, shall be
74 invalid and void.

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