

House _____ Amendment NO. _____

Offered By

1 AMEND House Committee Substitute for House Bill No. 1746, Page 11, Section 144.058, Line 4,
2 by inserting after the number "32.085" the words "paid by any public utility, as such term is defined
3 in section 386.020, or any rural electric cooperative operating under chapter 394"; and
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5 Further amend said bill and section, Pages 11-12, Lines 11-12, by deleting the phrase "as such term
6 is defined in section 386.020"; and
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8 Further amend said bill, Page 15, Section 204.610, Line 44, by inserting after all of said section and
9 line the following:
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11 "386.895. 1. As used in this section, the following terms shall mean:

12 (1) "Biogas", a mixture of carbon dioxide and hydrocarbons, primarily methane gas,
13 released from the biological decomposition of organic materials;

14 (2) "Biomass", has the meaning given the term "qualified biomass" in section 142.028;

15 (3) "Gas corporation", the same as defined in section 386.020;

16 (4) "Qualified investment", any capital investment in renewable natural gas infrastructure
17 incurred by a gas corporation for the purpose of providing natural gas service under a renewable
18 natural gas program;

19 (5) "Renewable energy sources", hydroelectric, geothermal, solar photovoltaic, wind, tidal,
20 wave, biomass, or biogas energy sources;

21 (6) "Renewable natural gas", any of the following products processed to meet pipeline
22 quality standards or transportation fuel grade requirements:

23 (a) Biogas that is upgraded to meet natural gas pipeline quality standards such that it may
24 blend with, or substitute for, geologic natural gas;

25 (b) Hydrogen gas; or

26 (c) Methane gas derived from any combination of:

27 a. Biogas;

28 b. Hydrogen gas or carbon oxides derived from renewable energy sources; or

29 c. Waste carbon dioxide;

30 (7) "Renewable natural gas infrastructure", all equipment and facilities for the production,
31 processing, pipeline interconnection, and distribution of renewable natural gas to be furnished to
32 Missouri customers.

33 2. No later than July 1, 2025, the commission shall adopt rules ~~[for]~~ permitting gas
34 corporations to voluntarily institute a ~~[to offer a voluntary]~~ renewable natural gas program. Rules
35 adopted by the commission under this section shall be limited to ~~[include]~~:

36 (1) Rules for reporting requirements; ~~[and]~~

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1 (2) Rules for establishing a process for gas corporations to submit filings pursuant to the
2 renewable natural gas program; and

3 (3) Rules for establishing a process for gas corporations to fully recover incurred costs that
4 are prudent, just, and reasonable associated with a renewable natural gas program. Such recovery
5 shall not be permitted until the project is operational and produces renewable natural gas for
6 customer use.

7
8 The public service commission may promulgate rules limited to its rulemaking authority under this
9 subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created
10 under the authority delegated in this section shall become effective only if it complies with and is
11 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
12 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to
13 chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
14 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after
15 August 28, 2024, shall be invalid and void.

16 3. (1) A qualified investment shall be deemed prudent for any gas corporation when the
17 aggregate of such qualified investments does not exceed:

18 (a) Five percent of such gas corporation's net plant as reported in the gas corporation's most
19 recent annual report to the commission for any gas corporation with more than twenty-five thousand
20 customers in Missouri; or

21 (b) Seven and one half percent of such gas corporation's net plant as reported in the gas
22 corporation's most recent annual report to the commission for any gas corporation with twenty-five
23 thousand customers or fewer in Missouri.

24 (2) The qualified investment allowed under this section shall apply to a gas corporation's
25 combined gas utility operations and gas service areas located in the state. All costs incurred for
26 qualified investments shall also be reasonable to be deemed prudent by the commission.

27 4. A filing by a gas corporation pursuant to the renewable natural gas program created in
28 subsection 2 of this section shall include, but is not limited to:

29 (1) A proposal to procure a total volume of renewable natural gas over a specific period;
30 [and]

31 (2) Identification of the qualified investments that the gas corporation may make in
32 renewable natural gas infrastructure; and

33 (3) A timeline for the investment and completion of the proposed renewable natural gas
34 infrastructure.

35 [4-] 5. A gas corporation may from time to time revise the filing submitted to the
36 commission under this section no more than one time per year.

37 [5-] 6. Any costs incurred by a gas corporation for a qualified investment that are prudent,
38 just, and reasonable may be recovered by means of an automatic rate adjustment clause.

39 7. For any filing made by a gas corporation under this section for a project with an
40 aggregate cost of less than five million dollars, the commission shall issue a decision within ninety
41 days of submission. For any such filing under this subsection, the commission may exercise the
42 right to extend the review period thirty additional days for good cause. The commission shall not
43 extend the review period more than twice for a total of sixty additional days.

44 [6-] 8. When a gas corporation makes a qualified investment in the production of renewable
45 natural gas, the costs associated with such qualified investment shall include the cost of capital
46 established by the commission in the gas corporation's most recent general rate case.

47 [7-] 9. On or before January 1, [2023] 2026, the division of energy within the department of
48 natural resources shall provide to the chair of the public service commission, the speaker of the
49 house of representatives, the president pro tempore of the senate, the chair of the senate committee

1 on commerce, consumer protection, energy, and the environment, and the chair of the house of
 2 representatives utility committee, a report on the renewable natural gas program established under
 3 this section. Such report shall include, but not be limited to, the following:

4 (1) The number of projects submitted for the renewable natural gas program and the number
 5 of projects approved for the renewable natural gas program;

6 (2) The number of projects that are operational, and the costs, projected and actual, of such
 7 projects and other key metrics the division of energy deems important;

8 (3) The volume of renewable natural gas produced in the state through projects that were
 9 approved by the renewable natural gas program as well as the percentage of renewable natural gas
 10 produced in relation to the total volume of natural gas sold in the state;

11 (4) The environmental benefits of renewable natural gas, including but not limited to
 12 greenhouse gas reduction as a result of the production of renewable natural gas;

13 (5) The economic benefits of the renewable natural gas program, including but not limited
 14 to local employment, value-added production for the agricultural sector, and other economic
 15 development; and

16 (6) Any economic benefits or other costs to ratepayers.

17 ~~[8:]~~ 10. Rules adopted by the commission under this section shall not prohibit an affiliate of
 18 a gas corporation from making a capital investment in a biogas production project if the affiliate is
 19 not a public utility as defined in section 386.020.

20 ~~[9. The public service commission may promulgate rules to implement the provisions of this
 21 section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created
 22 under the authority delegated in this section shall become effective only if it complies with and is
 23 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
 24 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to
 25 chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
 26 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after
 27 August 28, 2021, shall be invalid and void.]~~

28 ~~[10:]~~ 11. Pursuant to section 23.253 of the Missouri sunset act, this section and any rules
 29 enacted under this section shall expire nine years from the date the commission promulgates rules to
 30 implement the renewable natural gas program [is established], unless reauthorized by the general
 31 assembly; provided that any rate adjustment authorized by this section shall continue so long as the
 32 renewable natural gas program remains in operation and produces renewable natural gas for
 33 customer use."; and

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 35 Further amend said bill by amending the title, enacting clause, and intersectional references
 36 accordingly.