

SECOND REGULAR SESSION

HOUSE BILL NO. 2193

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE O'DONNELL.

3441H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 386.895, RSMo, and to enact in lieu thereof one new section relating to a renewable natural gas program.

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

Section A. Section 386.895, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 386.895, to read as follows:

386.895. 1. As used in this section, the following terms shall mean:

- (1) "Biogas", a mixture of carbon dioxide and hydrocarbons, primarily methane gas, released from the biological decomposition of organic materials;
- (2) "Biomass", has the meaning given the term "qualified biomass" in section 142.028;
- (3) "Gas corporation", the same as defined in section 386.020;
- (4) "Qualified investment", any capital investment in renewable natural gas infrastructure incurred by a gas corporation for the purpose of providing natural gas service under a renewable natural gas program;
- (5) "Renewable energy sources", hydroelectric, geothermal, solar photovoltaic, wind, tidal, wave, biomass, or biogas energy sources;
- (6) "Renewable natural gas", any of the following products processed to meet pipeline quality standards or transportation fuel grade requirements:
 - (a) Biogas that is upgraded to meet natural gas pipeline quality standards such that it may blend with, or substitute for, geologic natural gas;
 - (b) Hydrogen gas; or
 - (c) Methane gas derived from any combination of:

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 a. Biogas;
19 b. Hydrogen gas or carbon oxides derived from renewable energy sources; or
20 c. Waste carbon dioxide;

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

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

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

28 (2) **Rules for establishing a process for gas corporations to submit filings**
29 **pursuant to the renewable natural gas program;**

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

34 (4) **The public service commission may promulgate rules limited to its**
35 **rulemaking authority under this subsection. Any rule or portion of a rule, as that**
36 **term is defined in section 536.010, that is created under the authority delegated in this**
37 **section shall become effective only if it complies with and is subject to all of the**
38 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**
39 **536 are nonseverable and if any of the powers vested with the general assembly**
40 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
41 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
42 **and any rule proposed or adopted after August 28, 2024, shall be invalid and void.**

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

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

47 (2) Identification of the qualified investments that the gas corporation may make in
48 renewable natural gas infrastructure; **and**

49 (3) **A timeline for the investment and completion of the proposed renewable**
50 **natural gas infrastructure.**

51 4. A gas corporation may from time to time revise the filing submitted to the
52 commission under this section no more than one time per year.

53 5. Any costs incurred by a gas corporation for a qualified investment that are prudent,
54 just, and reasonable may be recovered by means of an automatic rate adjustment clause.

55 **6. The commission shall issue a decision on any filing made by a gas corporation**
56 **under this section within ninety days of submission.**

57 ~~[6-]~~ 7. When a gas corporation makes a qualified investment in the production of
58 renewable natural gas, the costs associated with such qualified investment shall include the
59 cost of capital established by the commission in the gas corporation's most recent general rate
60 case.

61 ~~[7-]~~ 8. On or before January 1, ~~[2023]~~ **2026**, the division of energy within the
62 department of natural resources shall provide to the chair of the public service commission,
63 the speaker of the house of representatives, the president pro tempore of the senate, the chair
64 of the senate committee on commerce, consumer protection, energy, and the environment, and
65 the chair of the house of representatives utility committee, a report on the renewable natural
66 gas program established under this section. Such report shall include, but not be limited to,
67 the following:

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

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

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

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

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

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

81 ~~[8-]~~ 9. Rules adopted by the commission under this section shall not prohibit an
82 affiliate of a gas corporation from making a capital investment in a biogas production project
83 if the affiliate is not a public utility as defined in section 386.020.

84 ~~[9-]~~ ~~The public service commission may promulgate rules to implement the provisions~~
85 ~~of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is~~
86 ~~created under the authority delegated in this section shall become effective only if it complies~~
87 ~~with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.~~
88 ~~This section and chapter 536 are nonseverable and if any of the powers vested with the~~
89 ~~general assembly pursuant to chapter 536 to review, to delay the effective date, or to~~
90 ~~disapprove and annul a rule are subsequently held unconstitutional, then the grant of~~

91 ~~rulemaking authority and any rule proposed or adopted after August 28, 2021, shall be invalid~~
92 ~~and void.]~~

93 10. Pursuant to section 23.253 of the Missouri sunset act, this section and any rules
94 enacted under this section shall expire nine years from the date the **commission promulgates**
95 **rules to implement the** renewable natural gas program [~~is established~~], unless reauthorized
96 by the general assembly; provided that any rate adjustment authorized by this section shall
97 continue so long as the renewable natural gas program remains in operation and produces
98 renewable natural gas for customer use.

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