

SECOND REGULAR SESSION

HOUSE BILL NO. 2540

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE QUADE.

5091H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 386, RSMo, by adding thereto six new sections relating to renewable energy contracts.

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

Section A. Chapter 386, RSMo, is amended by adding thereto six new sections, to be known as sections 386.1800, 386.1805, 386.1810, 386.1815, 386.1820, and 386.1825, to read as follows:

386.1800. Sections 386.1800 to 386.1825 shall be known and may be cited as the "Missouri Energy Freedom Act".

386.1805. As used in sections 386.1800 to 386.1825, the following terms shall mean:

(1) "Contract customer", a person, corporation, or legal entity, including affiliates and subsidiaries, who executes or will execute a renewable energy contract with an owner or developer of a renewable energy facility or with an electrical corporation;

(2) "Electrical corporation", the same meaning as set forth in section 386.020;

(3) "Participating customer", a person, corporation, or legal entity that is a customer of an electrical corporation and that elects to have some or all of its electricity needs supplied by renewable energy under a voluntary renewable pricing program;

(4) "Renewable energy contract", a contract established under section 393.1810 between a contract customer and an owner or developer of a renewable energy facility or facilities that provides for the delivery of electricity to a contract customer by one of the following means:

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.

15 **(a) From one renewable energy facility to a contract customer's single metered**
16 **delivery location;**

17 **(b) From multiple renewable energy facilities to a contract customer's single**
18 **metered delivery location;**

19 **(c) From one or more renewable energy facilities to a single contract customer's**
20 **multiple metered delivery locations; or**

21 **(d) From one or more renewable energy facilities to a single contract customer**
22 **for distribution to multiple contract customers' metered delivery locations;**

23 **(5) "Renewable energy facility", a facility for the production of electrical energy**
24 **that utilizes a renewable energy resource, as defined in subdivision (5) of section**
25 **393.1820, but shall not include an electric generating facility whose costs have been**
26 **included in an electrical corporation's rates as a facility providing electric service to the**
27 **electrical corporation's system;**

28 **(6) "Retail electric supplier", any municipal utility, electrical corporation**
29 **regulated under this chapter, or rural electric cooperative under chapter 394 that**
30 **provides retail electric service in this state;**

31 **(7) "Voluntary renewable purchase program", a tariff filed with the commission**
32 **that enables a participating customer to purchase electricity from a renewable energy**
33 **facility or facilities in place of a portion or all of the participating customer's standard**
34 **electric service.**

386.1810. 1. Following the publication of rules and regulations necessary to
2 **implement this section, a contract customer may enter into a renewable energy contract**
3 **with an owner or developer of a renewable energy facility or facilities for the sale of**
4 **electricity to meet some or all of the contract customer's energy needs.**

5 **2. An owner or developer of a renewable energy facility that enters into a**
6 **renewable energy contract described in this section shall not be deemed to be an**
7 **electrical corporation as defined in section 386.020, a municipally owned or operated**
8 **electric power system as defined in section 91.025, or a rural electric cooperative**
9 **established under chapter 394.**

10 **3. A renewable energy contract shall provide for the pricing and duration of the**
11 **contract, as determined through negotiation between the contract customer and the**
12 **owner or developer of the renewable energy facility or facilities.**

13 **4. To be eligible for entering a renewable energy contract under this section, a**
14 **contract customer shall meet a minimum annual peak demand of one megawatt,**
15 **provided that a single contract customer may aggregate multiple metered delivery**
16 **locations to satisfy the annual peak demand megawatt limit.**

17 **5. Nothing shall prevent a retail electric supplier from entering into a renewable**
18 **energy contract directly with a contract customer, in which case the commission shall**
19 **allow an electrical corporation to recover its prudently incurred cost of renewable**
20 **generation procured under the renewable energy contract that is not otherwise**
21 **recovered from the renewable energy contract as provided in section 386.1820.**

22 **6. The right to any renewable energy credit, as defined in section 393.1820, or**
23 **any other environmental attribute associated with the sale of electricity under a**
24 **renewable energy contract under this section shall transfer to the contract customer,**
25 **except to the extent that a renewable energy contract provides otherwise.**

26 **7. Within thirty days after receiving notice of a renewable energy contract and**
27 **request from a contract customer under this section, and subject to reasonable credit**
28 **requirements, a retail electric supplier shall:**

29 **(1) Contract with the renewable energy facility's owner to purchase electricity**
30 **for resale to the contract customer; and**

31 **(2) Sell such electricity to the contract customer according to the duration and**
32 **pricing terms in the renewable energy contract, plus any additional costs the retail**
33 **electric supplier is authorized to recover.**

34 **8. Within sixty days of publication of rules and regulations necessary to**
35 **effectuate the provisions of this section, an electrical corporation shall file for**
36 **commission approval a tariff to facilitate the delivery of power under renewable**
37 **energy contracts under this section. An electrical corporation shall charge a contract**
38 **customer for all metered electric service delivered to the contract customer under the**
39 **terms of the renewable energy contract as well as any required supplemental energy**
40 **service, and the tariff shall include rates as determined by the commission for an**
41 **electrical corporation for the recovery of:**

42 **(1) Cost-based administrative service;**

43 **(2) Cost-based distribution service;**

44 **(3) Cost-based transmission service;**

45 **(4) Cost-based monthly generation capacity service; and**

46 **(5) Cost-based energy service for any kilowatt-hours of electricity contracted for**
47 **delivery but not delivered from the renewable energy facility.**

48 **9. The contract customer shall be responsible for any federal jurisdictional**
49 **incremental costs required by the transmission organization of which the electrical**
50 **corporation is a member for delivery of the electricity from the renewable energy**
51 **facility to the transmission system. The electrical corporation shall not be held**
52 **responsible for costs related to customer fault.**

53 **10. When the renewable electricity sold under renewable energy contracts under**
54 **this section equals five percent of a retail electric supplier's total retail sales in a**
55 **calendar year, the retail electric supplier shall no longer be required to allow use of its**
56 **transmission and distribution system to facilitate the delivery of power under renewable**
57 **energy contracts under this section. Renewable electricity sold to customers who began**
58 **service with the retail electric supplier after the effective date of this section shall not be**
59 **included in the calculation of five percent of an retail electric supplier's total retail sales**
60 **in a calendar year under this subsection.**

386.1815. Notwithstanding any of the provisions of sections 386.1800 to 386.1825
2 **to the contrary, an owner or developer of a renewable energy facility may enter into a**
3 **contract for the sale of power directly to a customer of a retail electric supplier if the**
4 **power is supplied by a renewable energy facility located entirely on the customer's**
5 **premises and the output of which is intended entirely for use at the customer's premises.**
6 **An owner or developer of a renewable energy facility that enters into a renewable**
7 **energy contract described in this section shall not be deemed to be an electrical**
8 **corporation, a municipally owned or operated electric power system as defined in**
9 **section 91.025, or a rural electric cooperative established under chapter 394. An**
10 **electrical corporation shall not be entitled to recover any costs relating to energy**
11 **delivered under contracts described in this section. An electrical corporation shall not**
12 **be required to compensate a customer for any excess energy provided to the grid**
13 **resulting from contracts described in this subsection, as described in subdivision (3) of**
14 **subsection 5 of section 386.890.**

386.1820. 1. Within one hundred eighty days following the publication of rules
2 **and regulations necessary to implement this section, an electrical corporation shall**
3 **submit tariffs for approval by the commission for a portfolio of voluntary renewable**
4 **purchase programs that shall serve all major customer classes; however, no individual**
5 **program within the portfolio may be offered to all major customer classes. An electrical**
6 **corporation shall be required to offer voluntary renewable purchase programs until the**
7 **renewable electricity sold under such programs equals five percent of the electrical**
8 **corporation's total retail sales in a calendar year, after which an electrical corporation**
9 **may choose to offer voluntary renewable purchase programs that exceed the**
10 **requirements of this section. The voluntary renewable purchase programs required**
11 **by this section shall sell only electricity from renewable energy facilities not already in**
12 **service at the time of the effective date of this section. The voluntary renewable**
13 **purchase programs required by this section may take the form of wholesale power**
14 **purchase agreement tariffs, green tariffs, subscriber solar or community solar tariffs, or**
15 **other forms, provided that the programs:**

16 **(1) Be based on the actual costs and benefits of procuring the renewable energy**
17 **facilities and serving the participating customers in each class;**

18 **(2) Recover any incremental costs of the programs from only participating**
19 **customers and hold nonparticipants harmless; and**

20 **(3) Transfer the right to any renewable energy credit, as defined in section**
21 **393.1820, or any other environmental attribute associated with the sale of electricity**
22 **under a voluntary renewable purchase program to the participating customer.**

23 **2. An electrical corporation shall not charge any nonparticipating customers or**
24 **noncontract customers for any direct costs incurred under the requirements of this**
25 **section.**

386.1825. The commission shall have the authority to promulgate rules to
2 **implement the provisions of sections 386.1800 to 386.1825. Any rule or portion of a rule,**
3 **as that term is defined in section 536.010, that is created under the authority delegated**
4 **in this section shall become effective only if it complies with and is subject to all of the**
5 **provisions of chapter 536, and, if applicable, section 536.028. This section and chapter**
6 **536 are nonseverable and if any of the powers vested with the general assembly**
7 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
8 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
9 **and any rule proposed or adopted after August 28, 2024, shall be invalid and void.**

✓