

HB 417 -- ELECTRICAL CHOICE AND COMPETITION ACT

SPONSOR: Mayhew

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on General Laws by a vote of 7 to 5.

This bill creates the "Electrical Choice and Competition Law". In it's main provisions, the bill:

- (1) Specifies that the provisions of the bill, as they become effective, will govern the sale of electric energy and any provisions of law that conflict will be invalid and void;
- (2) Requires the Public Service Commission to develop a policy for the transition from a monopoly structure to a competitive market for the generation and sale or purchase of electricity;
- (3) Specifies that electric utilities, as defined in the bill, must provide open access over their transmission and distribution systems to all retail electric suppliers to sell electricity directly to customers;
- (4) Requires the commission, beginning August 28, 2027, to allow commercial and industrial customers of electric utilities to choose a retail electric supplier;
- (5) Requires the Commission, on a time frame set by the Commission but no later than January 1, 2029, to allow residential customers of electric utilities to choose a retail electric supplier;
- (6) Requires each electric utility to submit to the Commission a restructuring plan to implement direct access to a competitive market for the generation of electricity and specifies the content of the plan and the time line for submittal;
- (7) Specifies the procedure for and time line in which the Commission must review each restructuring plan;
- (8) Requires electric utilities to unbundle the rates charged for generation, transmission, and distribution services on the timeline specified in the bill. Following the unbundling of rates, the Commission will no longer regulate the generation of electricity, but will continue to regulation the transmission and distribution of electricity as a natural monopoly;
- (9) Specifies that an electric utility may recover under certain conditions transition or stranded costs traditionally recoverable

in a regulated environment but not recoverable in a competitive electric generation market;

(10) Requires electric utilities to, at any time prior to choosing a retail electric supplier, to divest their generation assets and specifies the options utilities may use to divest;

(11) Prohibits an electric utility from using its own generation assets for providing retail service to its customers once a competitive market for electric generation service is implemented for that class of customers and from recovering the costs of generation from its sale of electricity to retail customers;

(12) Specifies that once a competitive market is implemented for a class of customers, electric utilities must provide default service to customers that do not choose a retail electric supplier;

(13) Establishes a rate structure for each class of customer as specified in the bill;

(14) Authorizes the Commission to establish a separate process for the supply of electric supply service for energy assistance customers. The process must include the grouping of low income customers into an aggregation program as specified in the bill;

(15) Specifies that electric utilities have an obligation to provide open and nondiscriminatory access to their systems for retail electric suppliers to provide service, including customer metering and other customer information so long as the retail electric supplier receives customer consent for the release of the data;

(16) Authorizes the Commission to investigate and establish guidelines for additional programs designed to enhance a customer's experience in choosing a retail electric supplier and that allow a retail electric suppliers to offer competitive products and services to consumers;

(17) Requires the Commission to develop a robust customer education program to ensure that consumers have access to accurate information about their ability to access the competitive market and to explore the use of a website that enables consumers to compare products and services being offered by retail electric suppliers;

(18) Prohibits any entity from engaging in the business of electric supply services in this state unless it holds a license issued by the Commission as specified in the bill;

(19) Authorizes the commission to establish a licensing process for retail electric suppliers. The licensing requirements are specified in the bill;

(20) Authorizes the commission to impose civil penalties of not more than \$100,000 on entities that engage in prohibited conduct or anticompetitive or discriminatory conduct;

(21) Specifies that the bill does not affect the ability of residential customers to retain access to financial assistance benefits currently available to qualifying low-income customers or to receive safe and reliable electricity service; and

(22) Requires the Commission to establish an Office of Retail Market Development to actively seek input for interested parties and develop an understanding and critical analyses of the tools and techniques used to promote retail energy competition. The funding methods for and duties of the office are specified in the bill.

This bill is the same HCS HB 2070 (2024) and similar to HB 637 (2023).

PROPONENTS: Supporters say that utility companies still own all of the power lines and poles upon which the lines hang, but that the actual electricity flowing through them should be open to more competition. If there was more competition in the marketplace for this electricity, it would result in better service and lower bills, and fewer rate increases. Supporters further say that this allows consumers to choose for themselves which service provider they want to use.

Testifying in person for the bill were Representative Mayhew; Jonathan Dolan, Missouri Solar Energy Industries Association; Retail Energy Advancement League; Bryce McKenney, Retail Energy Supply Association; Ford Motor Company; and Missouri Industrial Energy Consumers.

OPPONENTS: Those who oppose the bill say that due to deregulation, customers in other states that have followed this plan have incurred higher rate increases for their energy needs. Opponents further say that this kind of deregulation results in customers receiving less electrical output, and that this can have a negative impact not just on homeowners, but also small businesses.

Testifying in person against the bill were Evergy; Missouri Chamber Of Commerce; Ameren Missouri; and Arnie C. Dienoff.

OTHERS: Others testifying on the bill say that due to emphasis placed on deregulation, the states around the country that have

followed this plan have all incurred much higher rate increases, and that those states that have begun to deregulate are now going back to increased regulation. Opponents further say that customers are not receiving more electrical output in deregulation states; rather, they are receiving less power, which negatively impacts small businesses and makes other businesses less competitive.

Testifying in person on the bill was Oakstone Consulting.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.