

SECOND REGULAR SESSION

# HOUSE BILL NO. 1852

101ST GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE KNIGHT.

4289H.011

DANA RADEMAN MILLER, Chief Clerk

---

## AN ACT

To repeal section 386.890, RSMo, and to enact in lieu thereof two new sections relating to net metering.

---

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

Section A. Section 386.890, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 386.885 and 386.890, to read as follows:

**386.885. 1. There is hereby established the "Task Force on Distributed Energy Resources and Net Metering", which shall be composed of the following members:**

(1) Three members of the senate, with two appointed by the president pro tempore of the senate and one appointed by the minority floor leader of the senate;

(2) Three members of the house of representatives, with two appointed by the speaker of the house of representatives and one appointed by the minority floor leader of the house of representatives;

(3) The director of the division of energy, or his or her designee, to serve as a member and to provide technical assistance to the task force;

(4) The chair of the public service commission, or his or her designee, to serve as a member and to provide technical assistance;

(5) A representative from each of the three segments of the retail electric energy industry appointed by the president pro tempore of the senate from the respective nominees submitted by the statewide associations of the investor-owned electric utilities, rural electric cooperatives, and municipally owned electric utilities;

(6) Two representatives of the retail distributed energy resources industry appointed by the chair of the public service commission; and

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           **(7) One representative each of retail residential and commercial electric**  
19 **consumers appointed by the president pro tempore of the senate.**

20           **2. The task force shall conduct public hearings and research, and shall compile a**  
21 **report for delivery to the general assembly no later than December 31, 2022. Such**  
22 **report shall include information on the following:**

23           **(1) A distributed energy resources study, which shall include a value of solar**  
24 **study along with the practical and economic benefits, challenges, and drawbacks of**  
25 **increased distributed energy generation in the state;**

26           **(2) The fair and equitable setting of rates between distributed generation and**  
27 **nondistributed generation consumers; and**

28           **(3) Potential legislation including, but not limited to, changes to the Net**  
29 **Metering and Easy Connection Act, if any, that would promote the overall public**  
30 **interest.**

31           **3. The task force shall meet within thirty days after its creation and shall**  
32 **organize by selecting a chair and vice chair, one of whom shall be a member of the**  
33 **senate and the other a member of the house of representatives. Thereafter, the task**  
34 **force may meet as often as necessary in order to accomplish the tasks assigned to it. A**  
35 **majority of the task force shall constitute a quorum, and a majority vote of such**  
36 **quorum shall be required for any action.**

37           **4. The staff of house research and senate research shall provide necessary**  
38 **clerical, research, fiscal, and legal services to the task force, as the task force may**  
39 **request.**

40           **5. The division of energy shall oversee the distributed energy resources study to**  
41 **be selected and conducted by an independent and objective expert with input from the**  
42 **members of the task force. The cost of said study shall be paid for through funds**  
43 **available from federal and state grants applied for by the division of energy. The**  
44 **division of energy shall establish procedures for the submission and nonpublic**  
45 **disclosure of confidential and propriety information.**

46           **6. The members of the task force shall serve without compensation, but any**  
47 **actual and necessary expenses incurred in the performance of the task force's official**  
48 **duties by the task force, its members, and any staff assigned to the task force shall be**  
49 **paid from the joint contingent fund.**

50           **7. This section shall expire on December 31, 2022.**

386.890. 1. This section shall be known and may be cited as the "Net Metering and  
2 Easy Connection Act".

3           2. As used in this section, the following terms shall mean:

- 4 (1) "Avoided fuel cost", the current average cost of fuel for the entity generating  
5 electricity, as defined by the governing body with jurisdiction over any municipal electric  
6 utility, rural electric cooperative as provided in chapter 394, or electrical corporation as  
7 provided in this chapter;
- 8 (2) "Commission", the public service commission of the state of Missouri;
- 9 (3) "Customer-generator", the owner or operator of a qualified electric energy  
10 generation unit which:
- 11 (a) Is powered by a renewable energy resource;
- 12 (b) Has an electrical generating system with a capacity of not more than one hundred  
13 kilowatts;
- 14 (c) Is located on a premises owned, operated, leased, or otherwise controlled by the  
15 customer-generator;
- 16 (d) Is interconnected and operates in parallel phase and synchronization with a retail  
17 electric supplier and has been approved by said retail electric supplier;
- 18 (e) Is intended [~~primarily to offset part or all~~] **and designed not to exceed one**  
19 **hundred percent** of the customer-generator's own electrical energy requirements;
- 20 (f) Meets all applicable safety, performance, interconnection, and reliability standards  
21 established by the National Electrical Code, the National Electrical Safety Code, the Institute  
22 of Electrical and Electronics Engineers, Underwriters Laboratories, the Federal Energy  
23 Regulatory Commission, and any local governing authorities; and
- 24 (g) Contains a mechanism that automatically disables the unit and interrupts the flow  
25 of electricity back onto the supplier's electricity lines in the event that service to the customer-  
26 generator is interrupted;
- 27 (4) "Department", the department of [~~economic development~~] **natural resources**;
- 28 (5) "Net metering", using metering equipment sufficient to measure the difference  
29 between the electrical energy supplied to a customer-generator by a retail electric supplier and  
30 the electrical energy supplied by the customer-generator to the retail electric supplier over the  
31 applicable billing period;
- 32 (6) "Renewable energy resources", electrical energy produced from wind, solar  
33 thermal sources, hydroelectric sources, photovoltaic cells and panels, fuel cells using  
34 hydrogen produced by one of the above-named electrical energy sources, and other sources of  
35 energy that become available after August 28, 2007, and are certified as renewable by the  
36 department;
- 37 (7) "Retail electric supplier" or "supplier", any [~~municipal~~] **municipally owned**  
38 **electric utility operating under chapter 91**, electrical corporation regulated **by the**  
39 **commission** under this chapter, or rural electric cooperative **operating** under chapter 394 that  
40 provides retail electric service in this state. **An electrical corporation that operates under a**

41 **cooperative business plan as described in subsection 2 of section 393.110 shall be deemed**  
42 **to be a rural electric cooperative for purposes of this section.**

43 3. A retail electric supplier shall:

44 (1) Make net metering available to customer-generators on a first-come, first-served  
45 basis until the total rated generating capacity of net metering systems equals five percent of  
46 the ~~utility's~~ **retail electric supplier's** single-hour peak load during the previous year, after  
47 which the commission for ~~a public utility~~ **an electrical corporation** or the **respective**  
48 governing body ~~for~~ **of** other ~~electric utilities~~ **retail electric suppliers** may increase the  
49 total rated generating capacity of net metering systems to an amount above five percent.

50 However, in a given calendar year, no retail electric supplier shall be required to approve any  
51 application for interconnection if the total rated generating capacity of all applications for  
52 interconnection already approved to date by said supplier in said calendar year equals or  
53 exceeds one percent of said supplier's single-hour peak load for the previous calendar year;

54 (2) Offer to the customer-generator a tariff or contract that is identical in electrical  
55 energy rates, rate structure, and monthly charges to the contract or tariff that the customer  
56 would be assigned if the customer were not an eligible customer-generator but shall not  
57 charge the customer-generator any additional standby, capacity, interconnection, or other fee  
58 or charge that would not otherwise be charged if the customer were not an eligible customer-  
59 generator; and

60 (3) Disclose annually the availability of the net metering program to each of its  
61 customers with the method and manner of disclosure being at the discretion of the supplier.

62 4. A customer-generator's facility shall be equipped with sufficient metering  
63 equipment that can measure the net amount of electrical energy produced or consumed by the  
64 customer-generator. If the customer-generator's existing meter equipment does not meet  
65 these requirements or if it is necessary for the **retail** electric supplier to install additional  
66 distribution equipment to accommodate the customer-generator's facility, the customer-  
67 generator shall reimburse the retail electric supplier for the costs to purchase and install the  
68 necessary additional equipment. At the request of the customer-generator, such costs may be  
69 initially paid for by the retail electric supplier, and any amount up to the total costs and a  
70 reasonable interest charge may be recovered from the customer-generator over the course of  
71 up to twelve billing cycles. Any subsequent meter testing, maintenance or meter equipment  
72 change necessitated by the customer-generator shall be paid for by the customer-generator.

73 5. Consistent with the provisions in this section, the net electrical energy  
74 measurement shall be calculated in the following manner:

75 (1) For a customer-generator, a retail electric supplier shall measure the net electrical  
76 energy produced or consumed during the billing period in accordance with normal metering  
77 practices for customers in the same rate class, either by employing a single, bidirectional

78 meter that measures the amount of electrical energy produced and consumed, or by  
79 employing multiple meters that separately measure the customer-generator's consumption and  
80 production of electricity;

81 (2) If the electricity supplied by the supplier exceeds the electricity generated by the  
82 customer-generator during a billing period, the customer-generator shall be billed for the net  
83 electricity supplied by the supplier in accordance with normal practices for customers in the  
84 same rate class;

85 (3) If the electricity generated by the customer-generator exceeds the electricity  
86 supplied by the supplier during a billing period, the customer-generator shall be billed for the  
87 appropriate customer charges for that billing period in accordance with subsection 3 of this  
88 section and shall be credited an amount at least equal to the avoided fuel cost of the excess  
89 kilowatt-hours generated during the billing period, with this credit applied to the following  
90 billing period;

91 (4) Any credits granted by this subsection shall expire without any compensation at  
92 the earlier of either twelve months after their issuance or when the customer-generator  
93 disconnects service or terminates the net metering relationship with the supplier;

94 (5) For any rural electric cooperative under chapter 394, or ~~municipal~~ **any**  
95 **municipally owned** utility, upon agreement of the wholesale generator supplying electric  
96 energy to the retail electric supplier, at the option of the retail electric supplier, the credit to  
97 the customer-generator may be provided by the wholesale generator.

98 6. (1) Each qualified electric energy generation unit used by a customer-generator  
99 shall meet all applicable safety, performance, interconnection, and reliability standards  
100 established by any local code authorities, the National Electrical Code, the National Electrical  
101 Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters  
102 Laboratories for distributed generation. No supplier shall impose any fee, charge, or other  
103 requirement not specifically authorized by this section or the rules promulgated under  
104 subsection 9 of this section unless the fee, charge, or other requirement would apply to  
105 similarly situated customers who are not customer-generators, except that a retail electric  
106 supplier may require that a customer-generator's system contain a switch, circuit breaker,  
107 fuse, or other easily accessible device or feature located in immediate proximity to the  
108 customer-generator's metering equipment that would allow a utility worker the ability to  
109 manually and instantly disconnect the unit from the utility's electric distribution system.

110 (2) For systems of ten kilowatts or less, a customer-generator whose system meets the  
111 standards and rules under subdivision (1) of this subsection shall not be required to install  
112 additional controls, perform or pay for additional tests or distribution equipment, or purchase  
113 additional liability insurance beyond what is required under subdivision (1) of this subsection  
114 and subsection 4 of this section.

115 (3) For customer-generator systems of greater than ten kilowatts, the commission for  
116 ~~[public utilities]~~ **electrical corporations** and the **respective** governing body for other  
117 ~~[utilities]~~ **retail electric suppliers** shall, by rule or equivalent formal action by each  
118 respective governing body:

119 (a) Set forth safety, performance, and reliability standards and requirements; and

120 (b) Establish the qualifications for exemption from a requirement to install additional  
121 controls, perform or pay for additional tests or distribution equipment, or purchase additional  
122 liability insurance.

123 7. (1) Applications by a customer-generator for interconnection of a qualified electric  
124 energy generation unit meeting the requirements of subdivision (3) of subsection 2 of this  
125 section to the distribution system shall be accompanied by the plan for the customer-  
126 generator's electrical generating system, including but not limited to a wiring diagram and  
127 specifications for the generating unit, and shall be reviewed and responded to by the retail  
128 electric supplier within thirty days of receipt for systems ten kilowatts or less and within  
129 ninety days of receipt for all other systems. Prior to the interconnection of the qualified  
130 generation unit to the supplier's system, the customer-generator will furnish the retail electric  
131 supplier a certification from a qualified professional electrician or engineer that the  
132 installation meets the requirements of subdivision (1) of subsection 6 of this section. If the  
133 application for interconnection is approved by the retail electric supplier and the customer-  
134 generator does not complete the interconnection within one year after receipt of notice of the  
135 approval, the approval shall expire and the customer-generator shall be responsible for filing a  
136 new application.

137 (2) Upon the change in ownership of a qualified electric energy generation unit, the  
138 new customer-generator shall be responsible for filing a new application under subdivision  
139 (1) of this subsection.

140 8. Each ~~[commission-regulated supplier]~~ **electrical corporation** shall submit an  
141 annual net metering report to the commission, and all other ~~[nonregulated]~~ **retail electric**  
142 suppliers shall submit the same report to their respective governing body and make said report  
143 available to a consumer of the supplier upon request, including the following information for  
144 the previous calendar year:

145 (1) The total number of customer-generator facilities;

146 (2) The total estimated generating capacity of its net-metered customer-generators;  
147 and

148 (3) The total estimated net kilowatt-hours received from customer-generators.

149 9. The commission shall, within nine months of January 1, 2008, promulgate initial  
150 rules necessary for the administration of this section for ~~[public utilities]~~ **electrical**  
151 **corporation**, which shall include regulations ensuring that simple contracts will be used for

152 interconnection and net metering. For systems of ten kilowatts or less, the application process  
153 shall use an all-in-one document that includes a simple interconnection request, simple  
154 procedures, and a brief set of terms and conditions. Any rule or portion of a rule, as that term  
155 is defined in section 536.010, that is created under the authority delegated in this section shall  
156 become effective only if it complies with and is subject to all of the provisions of chapter 536  
157 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any  
158 of the powers vested with the general assembly under chapter 536 to review, to delay the  
159 effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then  
160 the grant of rulemaking authority and any rule proposed or adopted after August 28, 2007,  
161 shall be invalid and void.

162         10. The governing body of a rural electric cooperative or ~~municipal~~ **municipally**  
163 **owned** utility shall, within nine months of January 1, 2008, adopt policies establishing a  
164 simple contract to be used for interconnection and net metering. For systems of ten kilowatts  
165 or less, the application process shall use an all-in-one document that includes a simple  
166 interconnection request, simple procedures, and a brief set of terms and conditions.

167         11. For any cause of action relating to any damages to property or person caused by  
168 the **qualified electric energy** generation unit of a customer-generator or the interconnection  
169 thereof, the retail electric supplier shall have no liability absent clear and convincing evidence  
170 of fault on the part of the supplier.

171         12. The estimated generating capacity of all net metering systems operating under the  
172 provisions of this section shall count towards the respective retail electric supplier's  
173 accomplishment of any renewable energy portfolio target or mandate adopted by the Missouri  
174 general assembly.

175         13. The sale of qualified electric **energy** generation units to any customer-generator  
176 shall be subject to the provisions of sections **407.010 to 407.145 and sections 407.700 to**  
177 **407.720**. The attorney general shall have the authority to promulgate in accordance with the  
178 provisions of chapter 536 rules regarding mandatory disclosures of information by sellers of  
179 qualified electric **energy** generation units. Any interested person who believes that the seller  
180 of any **qualified electric energy** generation unit is misrepresenting the safety or performance  
181 standards of any such systems, or who believes that any electric **energy** generation unit poses  
182 a danger to any property or person, may report the same to the attorney general, who shall be  
183 authorized to investigate such claims and take any necessary and appropriate actions.

184         14. Any costs incurred under this act by a retail electric supplier shall be recoverable  
185 in that utility's rate structure.

186         15. No consumer shall connect or operate ~~an~~ **a qualified electric energy** generation  
187 unit in parallel phase and synchronization with any retail electric supplier without written  
188 approval by said supplier that all of the requirements under subdivision (1) of subsection 7 of

189 this section have been met. For a consumer who violates this provision, a supplier may  
190 immediately and without notice disconnect the electric facilities of said consumer and  
191 terminate said consumer's electric service.

192         16. The manufacturer of any **qualified** electric **energy** generation unit used by a  
193 customer-generator may be held liable for any damages to property or person caused by a  
194 defect in the **qualified** electric **energy** generation unit of a customer-generator.

195         17. The seller, installer, or manufacturer of any **qualified** electric **energy** generation  
196 unit who knowingly misrepresents the safety aspects of ~~an~~ a **qualified** electric generation  
197 unit may be held liable for any damages to property or person caused by the **qualified** electric  
198 **energy** generation unit of a customer-generator.

✓