

FIRST REGULAR SESSION

[P E R F E C T E D]

SENATE BILL NO. 275

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WALSH.

Read 1st time February 6, 2013, and ordered printed.

Read 2nd time February 20, 2013, and referred to the Committee on Commerce, Consumer Protection, Energy and the Environment.

Reported from the Committee March 28, 2013, with recommendation that the bill do pass.

Taken up for Perfection April 8, 2013. Bill declared Perfected and Ordered Printed.

TERRY L. SPIELER, Secretary.

1449S.01P

AN ACT

To repeal section 393.1075, RSMo, and to enact in lieu thereof one new section relating to utility regulation, with existing penalty provisions.

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

Section A. Section 393.1075, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 393.1075, to read as follows:

393.1075. 1. This section shall be known as the "Missouri Energy
2 Efficiency Investment Act".

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

4 (1) "Commission", the Missouri public service commission;

5 (2) "Demand response", measures that decrease peak demand or shift
6 demand to off-peak periods;

7 (3) "Demand-side program", any program conducted by the utility to
8 modify the net consumption of electricity on the retail customer's side of the
9 electric meter, including but not limited to energy efficiency measures, load
10 management, demand response, and interruptible or curtailable load;

11 (4) "Energy efficiency", measures that reduce the amount of electricity
12 required to achieve a given end use;

13 (5) "Interruptible or curtailable rate", a rate under which a customer
14 receives a reduced charge in exchange for agreeing to allow the utility to
15 withdraw the supply of electricity under certain specified conditions;

16 (6) "Total resource cost test", a test that compares the sum of avoided
17 utility costs and avoided probable environmental compliance costs to the sum of

18 all incremental costs of end-use measures that are implemented due to the
19 program, as defined by the commission in rules.

20 3. It shall be the policy of the state to value demand-side investments
21 equal to traditional investments in supply and delivery infrastructure and allow
22 recovery of all reasonable and prudent costs of delivering cost-effective
23 demand-side programs. In support of this policy, the commission shall:

24 (1) Provide timely cost recovery for utilities;

25 (2) Ensure that utility financial incentives are aligned with helping
26 customers use energy more efficiently and in a manner that sustains or enhances
27 utility customers' incentives to use energy more efficiently; and

28 (3) Provide timely earnings opportunities associated with cost-effective
29 measurable and verifiable efficiency savings.

30 4. The commission shall permit electric corporations to implement
31 commission-approved demand-side programs proposed pursuant to this section
32 with a goal of achieving all cost-effective demand-side savings. Recovery for such
33 programs shall not be permitted unless the programs are approved by the
34 commission, result in energy or demand savings and are beneficial to all
35 customers in the customer class in which the programs are proposed, regardless
36 of whether the programs are utilized by all customers. The commission shall
37 consider the total resource cost test a preferred cost-effectiveness test. Programs
38 targeted to low-income customers or general education campaigns do not need to
39 meet a cost-effectiveness test, so long as the commission determines that the
40 program or campaign is in the public interest. Nothing herein shall preclude the
41 approval of demand-side programs that do not meet the test if the costs of the
42 program above the level determined to be cost-effective are funded by the
43 customers participating in the program or through tax or other governmental
44 credits or incentives specifically designed for that purpose.

45 5. To comply with this section the commission may develop cost recovery
46 mechanisms to further encourage investments in demand-side programs
47 including, in combination and without limitation: capitalization of investments
48 in and expenditures for demand-side programs, rate design modifications,
49 accelerated depreciation on demand-side investments, and allowing the utility to
50 retain a portion of the net benefits of a demand-side program for its shareholders.
51 In setting rates the commission shall fairly apportion the costs and benefits of
52 demand-side programs to each customer class except as provided for in subsection
53 6 of this section. Prior to approving a rate design modification associated with

54 demand-side cost recovery, the commission shall conclude a docket studying the
55 effects thereof and promulgate an appropriate rule.

56 6. The commission may reduce or exempt allocation of demand-side
57 expenditures to low-income classes, as defined in an appropriate rate proceeding,
58 as a subclass of residential service.

59 7. Provided that the customer has notified the electric corporation that the
60 customer elects not to participate in demand-side measures offered by an
61 electrical corporation, none of the costs of demand-side measures of an electric
62 corporation offered under this section or by any other authority, and no other
63 charges implemented in accordance with this section, shall be assigned to any
64 account of any customer, including its affiliates and subsidiaries, meeting one or
65 more of the following criteria:

66 (1) The customer has one or more accounts within the service territory of
67 the electrical corporation that has a demand of five thousand kilowatts or more;

68 (2) The customer operates an interstate pipeline pumping station,
69 regardless of size; or

70 (3) The customer has accounts within the service territory of the electrical
71 corporation that have, in aggregate, a demand of two thousand five hundred
72 kilowatts or more, and the customer has a comprehensive demand-side or energy
73 efficiency program and can demonstrate an achievement of savings at least equal
74 to those expected from utility-provided programs.

75 8. Customers that have notified the electrical corporation that they do not
76 wish to participate in demand-side programs under this section shall not
77 subsequently be eligible to participate in demand-side programs except under
78 guidelines established by the commission in rulemaking.

79 9. Customers who participate in demand-side programs initiated after
80 August 1, 2009, shall be required to participate in program funding for a period
81 of time to be established by the commission in rulemaking.

82 10. Customers electing not to participate in an electric corporation's
83 demand-side programs under this section shall still be allowed to participate in
84 interruptible or curtailable rate schedules or tariffs offered by the electric
85 corporation.

86 11. The commission shall provide oversight and may adopt rules and
87 procedures and approve corporation-specific settlements and tariff provisions,
88 independent evaluation of demand-side programs, as necessary, to ensure that
89 electric corporations can achieve the goals of this section. Any rule or portion of

90 a rule, as that term is defined in section 536.010, that is created under the
91 authority delegated in this section shall become effective only if it complies with
92 and is subject to all of the provisions of chapter 536 and, if applicable, section
93 536.028. This section and chapter 536 are nonseverable and if any of the powers
94 vested with the general assembly pursuant to chapter 536 to review, to delay the
95 effective date, or to disapprove and annul a rule are subsequently held
96 unconstitutional, then the grant of rulemaking authority and any rule proposed
97 or adopted after August 28, 2009, shall be invalid and void.

98 12. Each electric corporation shall submit an annual report to the
99 commission describing the demand-side programs implemented by the utility in
100 the previous year. The report shall document program expenditures, including
101 incentive payments, peak demand and energy savings impacts and the techniques
102 used to estimate those impacts, avoided costs and the techniques used to estimate
103 those costs, the estimated cost-effectiveness of the demand-side programs, and the
104 net economic benefits of the demand-side programs.

105 13. Charges attributable to demand-side programs under this section shall
106 be clearly shown as a separate line item on bills to the electrical corporation's
107 customers.

108 14. (1) Any customer of an electrical corporation who has received a state
109 tax credit under sections 135.350 to 135.362 or under sections 253.545 to 253.561
110 shall not be eligible for participation in any demand-side program offered by an
111 electrical corporation under this section if such program offers a monetary
112 incentive to the customer, **except as provided in subdivision (4) of this**
113 **subsection.**

114 (2) As a condition of participation in any demand-side program offered by
115 an electrical corporation under this section when such program offers a monetary
116 incentive to the customer, the commission shall develop rules that require
117 documentation to be provided by the customer to the electrical corporation to
118 show that the customer has not received a tax credit listed in subdivision (1) of
119 this subsection.

120 (3) The penalty for a customer who provides false documentation under
121 subdivision (2) of this subsection shall be a class A misdemeanor.

122 **(4) The provisions of this subsection shall not apply to any low-**
123 **income customer who would otherwise be eligible to participate in a**
124 **demand-side program that is offered by an electrical corporation to**
125 **low-income customers.**

126 15. The commission shall develop rules that provide for disclosure of
127 participants in all demand-side programs offered by electrical corporations under
128 this section when such programs provide monetary incentives to the
129 customer. The disclosure required by this subsection may include, but not be
130 limited to, the following: the name of the participant, or the names of the
131 principles if for a company, the property address, and the amount of the monetary
132 incentive received.

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