

FIRST REGULAR SESSION

# SENATE BILL NO. 57

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOLSMAN.

Pre-filed December 1, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0566S.011

## AN ACT

To repeal section 386.890, RSMo, and to enact in lieu thereof one new section 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Section A. Section 386.890, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 386.890, to read as follows:

386.890. 1. This section shall be known and may be cited as the "Net  
2 Metering and 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  
5 generating electricity, as defined by the governing body with jurisdiction over any  
6 municipal electric utility, rural electric cooperative as provided in chapter 394,  
7 or electrical corporation as 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  
10 energy 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  
13 one [hundred kilowatts] **megawatt**;

14 (c) Is located on a premises owned, operated, leased, or otherwise  
15 controlled by the customer-generator;

16 (d) Is interconnected and operates in parallel phase and synchronization  
17 with a retail electric supplier and has been approved by said retail electric  
18 supplier;

19 (e) Is intended primarily to offset part or all of the customer-generator's

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

20 own electrical energy requirements;

21 (f) Meets all applicable safety, performance, interconnection, and  
22 reliability standards established by the National Electrical Code, the National  
23 Electrical Safety Code, the Institute of Electrical and Electronics Engineers,  
24 Underwriters Laboratories, the Federal Energy Regulatory Commission, and any  
25 local governing authorities; and

26 (g) Contains a mechanism that automatically disables the unit and  
27 interrupts the flow of electricity back onto the supplier's electricity lines in the  
28 event that service to the customer-generator is interrupted;

29 (4) "Department", the department of natural resources;

30 (5) "Net metering", using metering equipment sufficient to measure the  
31 difference between the electrical energy supplied to a customer-generator by a  
32 retail electric supplier and the electrical energy supplied by the  
33 customer-generator to the retail electric supplier over the applicable billing  
34 period;

35 (6) "Renewable energy resources", electrical energy produced from wind,  
36 solar thermal sources, hydroelectric sources, photovoltaic cells and panels, fuel  
37 cells using hydrogen produced by one of the above-named electrical energy  
38 sources, and other sources of energy that become available after August 28, 2007,  
39 and are certified as renewable by the department;

40 (7) "Retail electric supplier" or "supplier", any municipal utility, electrical  
41 corporation regulated under this chapter, or rural electric cooperative under  
42 chapter 394 that provides retail electric service in this state.

43 3. A retail electric supplier shall:

44 (1) Make net metering available to customer-generators on a first-come,  
45 first-served basis until the total rated generating capacity of net metering  
46 systems equals five percent of the utility's single-hour peak load during the  
47 previous year, after which the commission for a public utility or the governing  
48 body for other electric utilities may increase the total rated generating capacity  
49 of net metering systems to an amount above five percent. However, in a given  
50 calendar year, no retail electric supplier shall be required to approve any  
51 application for interconnection if the total rated generating capacity of all  
52 applications for interconnection already approved to date by said supplier in said  
53 calendar year equals or exceeds one percent of said supplier's single-hour peak  
54 load for the previous calendar year;

55 (2) Offer to the customer-generator a tariff or contract that is identical in

56 electrical energy rates, rate structure, and monthly charges to the contract or  
57 tariff that the customer would be assigned if the customer were not an eligible  
58 customer-generator but shall not charge the customer-generator any additional  
59 standby, capacity, interconnection, or other fee or charge that would not  
60 otherwise be charged if the customer were not an eligible customer-generator; and

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

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

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

79 (1) For a customer-generator, a retail electric supplier shall measure the  
80 net electrical energy produced or consumed during the billing period in  
81 accordance with normal metering practices for customers in the same rate class,  
82 either by employing a single, bidirectional meter that measures the amount of  
83 electrical energy produced and consumed, or by employing multiple meters that  
84 separately measure the customer-generator's consumption and production of  
85 electricity;

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

90 (3) If the electricity generated by the customer-generator exceeds the  
91 electricity supplied by the supplier during a billing period, the

92 customer-generator shall be billed for the appropriate customer charges for that  
93 billing period in accordance with subsection 3 of this section and shall be credited  
94 an amount at least equal to the avoided fuel cost of the excess kilowatt-hours  
95 generated during the billing period, with this credit applied to the following  
96 billing period;

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

101 (5) For any rural electric cooperative under chapter 394, or municipal  
102 utility, upon agreement of the wholesale generator supplying electric energy to  
103 the retail electric supplier, at the option of the retail electric supplier, the credit  
104 to the customer-generator may be provided by the wholesale generator.

105 6. (1) Each qualified electric energy generation unit used by a  
106 customer-generator shall meet all applicable safety, performance, interconnection,  
107 and reliability standards established by any local code authorities, the National  
108 Electrical Code, the National Electrical Safety Code, the Institute of Electrical  
109 and Electronics Engineers, and Underwriters Laboratories for distributed  
110 generation. No supplier shall impose any fee, charge, or other requirement not  
111 specifically authorized by this section or the rules promulgated under subsection  
112 9 of this section unless the fee, charge, or other requirement would apply to  
113 similarly situated customers who are not customer-generators, except that a retail  
114 electric supplier may require that a customer-generator's system contain a switch,  
115 circuit breaker, fuse, or other easily accessible device or feature located in  
116 immediate proximity to the customer-generator's metering equipment that would  
117 allow a utility worker the ability to manually and instantly disconnect the unit  
118 from the utility's electric distribution system;

119 (2) For systems of ten kilowatts or less, a customer-generator whose  
120 system meets the standards and rules under subdivision (1) of this subsection  
121 shall not be required to install additional controls, perform or pay for additional  
122 tests or distribution equipment, or purchase additional liability insurance beyond  
123 what is required under subdivision (1) of this subsection and subsection 4 of this  
124 section;

125 (3) For customer-generator systems of greater than ten kilowatts, the  
126 commission for public utilities and the governing body for other utilities shall, by  
127 rule or equivalent formal action by each respective governing body:

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

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

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

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

152 8. Each commission-regulated supplier shall submit an annual net  
153 metering report to the commission, and all other nonregulated suppliers shall  
154 submit the same report to their respective governing body and make said report  
155 available to a consumer of the supplier upon request, including the following  
156 information for the previous calendar year:

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

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

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

162 9. The commission shall, within nine months of January 1, 2008,  
163 promulgate initial rules necessary for the administration of this section for public

164 utilities, which shall include regulations ensuring that simple contracts will be  
165 used for interconnection and net metering. For systems of ten kilowatts or less,  
166 the application process shall use an all-in-one document that includes a simple  
167 interconnection request, simple procedures, and a brief set of terms and  
168 conditions. Any rule or portion of a rule, as that term is defined in section  
169 536.010, that is created under the authority delegated in this section shall  
170 become effective only if it complies with and is subject to all of the provisions of  
171 chapter 536 and, if applicable, section 536.028. This section and chapter 536 are  
172 nonseverable and if any of the powers vested with the general assembly under  
173 chapter 536 to review, to delay the effective date, or to disapprove and annul a  
174 rule are subsequently held unconstitutional, then the grant of rulemaking  
175 authority and any rule proposed or adopted after August 28, 2007, shall be  
176 invalid and void.

177         10. The governing body of a rural electric cooperative or municipal utility  
178 shall, within nine months of January 1, 2008, adopt policies establishing a simple  
179 contract to be used for interconnection and net metering. For systems of ten  
180 kilowatts or less, the application process shall use an all-in-one document that  
181 includes a simple interconnection request, simple procedures, and a brief set of  
182 terms and conditions.

183         11. For any cause of action relating to any damages to property or person  
184 caused by the generation unit of a customer-generator or the interconnection  
185 thereof, the retail electric supplier shall have no liability absent clear and  
186 convincing evidence of fault on the part of the supplier.

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

191         13. The sale of qualified electric generation units to any  
192 customer-generator shall be subject to the provisions of sections 407.700 to  
193 407.720. The attorney general shall have the authority to promulgate in  
194 accordance with the provisions of chapter 536 rules regarding mandatory  
195 disclosures of information by sellers of qualified electric generation units. Any  
196 interested person who believes that the seller of any electric generation unit is  
197 misrepresenting the safety or performance standards of any such systems, or who  
198 believes that any electric generation unit poses a danger to any property or  
199 person, may report the same to the attorney general, who shall be authorized to

200 investigate such claims and take any necessary and appropriate actions.

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

203           15. No consumer shall connect or operate an electric generation unit in  
204 parallel phase and synchronization with any retail electric supplier without  
205 written approval by said supplier that all of the requirements under subdivision  
206 (1) of subsection 7 of this section have been met. For a consumer who violates  
207 this provision, a supplier may immediately and without notice disconnect the  
208 electric facilities of said consumer and terminate said consumer's electric service.

209           16. The manufacturer of any electric generation unit used by a  
210 customer-generator may be held liable for any damages to property or person  
211 caused by a defect in the electric generation unit of a customer-generator.

212           17. The seller, installer, or manufacturer of any electric generation unit  
213 who knowingly misrepresents the safety aspects of an electric generation unit  
214 may be held liable for any damages to property or person caused by the electric  
215 generation unit of a customer-generator.

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