

SECOND REGULAR SESSION

SENATE BILL NO. 878

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR LAMPING.

Read 1st time February 17, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

4991S.03I

AN ACT

To amend chapter 393, RSMo, by adding thereto six new sections relating to electrical corporation resource plans.

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

Section A. Chapter 393, RSMo, is amended by adding thereto six new sections, to be known as sections 393.1300, 393.1305, 393.1310, 393.1315, 393.1320, and 393.1325, to read as follows:

393.1300. Sections 393.1300 to 393.1325 shall be known as the "Competitive Energy for Missouri Jobs Act".

393.1305. As used in sections 393.1300 to 393.1325, the following terms shall mean:

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

(2) "Electrical corporation", shall have the same meaning as used in section 386.020;

(3) "Request for proposals", a document in which an electrical corporation publishes the price and non-price attributes of its next supply-side resource in order to solicit and screen, for potential subsequent contract negotiations, competitive pricing proposals for the acquisition or construction of the electrical corporation's next supply-side resource;

(4) "Request for proposals bid", a sealed document submitted by an electrical corporation, person, or private entity to an independent evaluation that offers to acquire or construct the electrical corporation's next supply-side resource for a price;

(5) "Resource plan", an electrical corporation's particular combination of demand-side and supply-side resources to be acquired according to a specified schedule over the planning horizon;

19 **(6) "Stakeholder", staff of the Missouri public service commission,**
20 **the office of the public counsel, and any person or entity that has been**
21 **granted intervention in a prior electrical corporation resource**
22 **planning proceeding of the electrical corporation, or any person or**
23 **entity that applies to the commission and is granted intervention in an**
24 **electrical corporation resource planning proceeding;**

25 **(7) "Supply-side resource", any device or method that an**
26 **electrical corporation can reasonably expect to use, develop,**
27 **implement, or acquire for purposes of providing to its customers an**
28 **adequate level and quality of electrical power supply. A supply side**
29 **resource shall include, but not be limited to:**

30 **(a) Full or partial ownership of new plants using existing**
31 **generation technologies;**

32 **(b) Full or partial ownership of new plants using new generation**
33 **technologies, including technologies expected to become commercially**
34 **available within twenty years;**

35 **(c) Renewable energy resources on the utility-side of the meter,**
36 **including a wide variety of renewable generation technologies;**

37 **(d) Technologies for distributed generation;**

38 **(e) Life extension and refurbishment at existing generating**
39 **plants;**

40 **(f) Enhancement of the emission controls at existing or new**
41 **generating plants;**

42 **(g) Purchased power from bi-lateral transactions and from**
43 **organized capacity and energy markets;**

44 **(h) Generating plant efficiency improvements which reduce the**
45 **utility's own use of energy; and**

46 **(i) Upgrading of the transmission and distribution systems to**
47 **reduce power and energy losses.**

393.1310. 1. The commission shall establish a transparent
2 **request for proposals process that will apply to all electrical**
3 **corporations acquiring or constructing a supply-side resource expected**
4 **to generate five megawatts of energy or more with contracted terms**
5 **eighteen months or longer. The request for proposals process**
6 **established by the commission shall include stakeholder input and shall**
7 **be complete by August 28, 2015.**

8 **2. Each electrical corporation in this state shall file a resource**

9 plan with the commission every three years. As part of an electrical
10 corporation's resource plan, each electrical corporation shall evaluate
11 supply-side resources. If, according to the electrical corporations'
12 resource plan, the electrical corporation intends to acquire or
13 construct a supply-side resource, the electrical corporation shall issue
14 a request for proposals in accordance with the commission's request for
15 proposals process. The request for proposals shall include:

16 (1) A detailed description of the electrical corporation's next
17 supply-side resource(s) and its proposed location(s), including the
18 electrical corporations electrical capacity and energy product needs;

19 (2) The megawatt size;

20 (3) The estimated in-service date;

21 (4) The primary and secondary fuel type;

22 (5) An estimate of the fuel cost;

23 (6) An estimate of the total direct cost;

24 (7) An estimate of the annual revenue requirement;

25 (8) A description of the price and non-price attributes to be
26 addressed by each proposal including technical and financial viability,
27 plant dispatch capabilities, transmission access, resource diversity, fuel
28 supply deliverability, water supply, environmental compliance and
29 attributes, performance criteria, and pricing structure.

30 3. An electrical corporation may participate in the request for
31 proposals bid process through a self-build option. The self-build option
32 request for proposals bid shall be evaluated by the independent
33 evaluator in the same manner as all other request for proposals bids.

393.1315. 1. The evaluation of the request for proposals bids
2 shall be performed by an independent evaluator. The independent
3 evaluator shall be chosen by a separate request for proposals
4 process. The commission staff shall oversee the independent evaluator
5 and the independent evaluator shall serve as a liaison to both the
6 commission and the commission staff. The commission staff shall have
7 access to all information handled by the independent evaluator. The
8 independent evaluator shall be paid by the electrical corporation
9 submitting the request for proposals.

10 2. The independent evaluator shall enter into an agreement with
11 the commission that requires the evaluator to:

12 (1) Keep all pricing and other proprietary commercial

13 information submitted by bidders or the electrical corporation in
14 conjunction with the request for proposals process confidential to
15 ensure the integrity of the bidding process;

16 (2) Develop and maintain a transparent process for the
17 evaluation of request for proposal bids received, including the use of
18 any models, analytical tools, data, or other materials that would impact
19 the status of bids received;

20 (3) Remain in force through the conclusion of the request for
21 proposals process, or until a contract is executed between the
22 successful request for proposals bidder and the electrical corporation;
23 and

24 (4) Stipulate dispute resolution mechanisms for various stages
25 in the request for proposals process, including those between the
26 electrical corporation and the independent evaluator.

393.1320. 1. An electrical corporation's costs incurred due to the
2 request for proposals process and the acquisition or construction of a
3 new supply-side resource shall be presumed reasonable and prudent.

4 2. The commission may deny cost recovery by an electrical
5 corporation in the event of imprudence in the request for proposals
6 process, including failure to comply with sections 393.1300 to 393.1325
7 or the request for proposals process established by the commission, or
8 the failure to ensure a reasonably competitive request for proposals
9 process.

10 3. An electrical corporation may not recover from ratepayers any
11 costs incurred by the electrical corporation with a self-build option
12 that exceeds the self-build costs proposed in the request for proposals
13 bid.

393.1325. The commission shall promulgate rules to carry out the
2 purposes of sections 393.1300 to 393.1320. Any rule or portion of a rule,
3 as that term is defined in section 536.010 that is created under the
4 authority delegated in this section shall become effective only if it
5 complies with and is subject to all of the provisions of chapter 536, and,
6 if applicable, section 536.028. This section and chapter 536 are
7 nonseverable and if any of the powers vested with the general assembly
8 pursuant to chapter 536, to review, to delay the effective date, or to
9 disapprove and annul a rule are subsequently held unconstitutional,
10 then the grant of rulemaking authority and any rule proposed or

11 adopted after August 28, 2014, shall be invalid and void.

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Unofficial

Bill

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