

# SENATE BILL NO. 642

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR ESLINGER.

2483S.01H

KRISTINA MARTIN, Secretary

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Section A. Section 386.890, RSMo, is repealed and one new  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

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

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

5 (1) "Avoided fuel cost", the current average cost of  
6 fuel for the entity generating electricity, as defined by  
7 the governing body with jurisdiction over any municipal  
8 electric utility, rural electric cooperative as provided in  
9 chapter 394, or electrical corporation as provided in this  
10 chapter;

11 (2) "Commission", the public service commission of the  
12 state of Missouri;

13 (3) "Customer-generator", the owner or operator of a  
14 qualified electric energy generation unit which:

15 (a) Is powered by a renewable energy resource;

16 (b) Has an electrical generating system with a  
17 capacity of not more than one hundred kilowatts;

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

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

20 (d) Is interconnected and operates in parallel phase  
21 and synchronization with a retail electric supplier and has  
22 been approved by said retail electric supplier;

23 (e) Is intended primarily to offset part or all of the  
24 customer-generator's own electrical energy requirements;

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

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

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

36 (5) "Net metering", using metering equipment  
37 sufficient to measure the difference between the electrical  
38 energy supplied to a customer-generator by a retail electric  
39 supplier and the electrical energy supplied by the customer-  
40 generator to the retail electric supplier over the  
41 applicable billing period;

42 (6) "Renewable energy resources", electrical energy  
43 produced from wind, solar thermal sources, hydroelectric  
44 sources, photovoltaic cells and panels, fuel cells using  
45 hydrogen produced by one of the above-named electrical  
46 energy sources, and other sources of energy that become  
47 available after August 28, 2007, and are certified as  
48 renewable by the department;

49           (7) "Retail electric supplier" or "supplier", any  
50 municipally owned electric utility operating under chapter  
51 91, electrical corporation regulated by the commission under  
52 this chapter, or rural electric cooperative operating under  
53 chapter 394 that provides retail electric service in this  
54 state. An electrical corporation that operates under a  
55 cooperative business plan as described in subsection 2 of  
56 section 393.110 shall be deemed to be a rural electric  
57 cooperative for purposes of this section.

58           3. A retail electric supplier shall:

59           (1) Make net metering available to customer-generators  
60 on a first-come, first-served basis until the total rated  
61 generating capacity of net metering systems equals five  
62 percent of the retail electric supplier's single-hour peak  
63 load during the previous year, after which the commission  
64 for an electrical corporation or the respective governing  
65 body of other retail electric suppliers may increase the  
66 total rated generating capacity of net metering systems to  
67 an amount above five percent. However, in a given calendar  
68 year, no retail electric supplier shall be required to  
69 approve any application for interconnection if the total  
70 rated generating capacity of all applications for  
71 interconnection already approved to date by said supplier in  
72 said calendar year equals or exceeds one percent of said  
73 supplier's single-hour peak load for the previous calendar  
74 year;

75           (2) Offer **net metering** to the customer-generator  
76 **pursuant to a commission approved tariff of an electrical**  
77 **corporation or contract approved by the respective governing**  
78 **body of a rural electric cooperative or a municipally owned**  
79 **electric utility at rates** that [is] are identical in  
80 electrical energy rates, rate structure, and monthly charges

81 to the contract or tariff that the customer would be  
82 assigned if the customer were not an eligible customer-  
83 generator [but shall not charge the customer-generator any  
84 additional standby, capacity, interconnection, or other fee  
85 or charge that would not otherwise be charged if the  
86 customer were not an eligible customer-generator]. **In the**  
87 **alternative, with energy and demand rates, rate structure,**  
88 **and recurring monthly charges that are reasonably calculated**  
89 **to recover that portion of the retail electric supplier's**  
90 **fixed and demand costs that are not eliminated as a result**  
91 **of the operation of the eligible customer-generator's**  
92 **eligible electric energy generating unit; and**

93 (3) Disclose annually the availability of the net  
94 metering program to each of its customers **or members** with  
95 the method and manner of disclosure being at the discretion  
96 of the **retail electric** supplier.

97 4. A customer-generator's facility shall be equipped  
98 with sufficient metering equipment that can measure the net  
99 amount of electrical energy produced or consumed by the  
100 customer-generator. If the customer-generator's existing  
101 meter equipment does not meet these requirements or if it is  
102 necessary for the retail electric supplier to install  
103 additional distribution equipment to accommodate the  
104 customer-generator's facility, the customer-generator shall  
105 reimburse the retail electric supplier for the costs to  
106 purchase and install the necessary additional equipment  
107 **including, but not limited to, necessary electric**  
108 **distribution system upgrades.** At the request of the  
109 customer-generator, such costs may be initially paid for by  
110 the retail electric supplier, and any amount up to the total  
111 costs and a reasonable interest charge may be recovered from  
112 the customer-generator over the course of up to twelve

113 billing cycles. Any subsequent meter testing, maintenance  
114 or meter equipment change necessitated by the customer-  
115 generator shall be paid for by the customer-generator.

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

119 (1) For a customer-generator, a retail electric  
120 supplier shall measure the net electrical energy produced or  
121 consumed during the billing period in accordance with normal  
122 metering practices for customers in the same rate class,  
123 either by employing a single, bidirectional meter that  
124 measures the amount of electrical energy produced and  
125 consumed, or by employing multiple meters that separately  
126 measure the customer-generator's consumption and production  
127 of electricity;

128 (2) If the electricity supplied by the supplier  
129 exceeds the electricity generated by the customer-generator  
130 during a billing period, the customer-generator shall be  
131 billed for the net electricity supplied by the supplier in  
132 accordance with normal practices for customers in the same  
133 rate class;

134 (3) If the electricity generated by the customer-  
135 generator exceeds the electricity supplied by the supplier  
136 during a billing period, the customer-generator shall be  
137 billed for the appropriate customer **and demand** charges for  
138 that billing period in accordance with subsection 3 of this  
139 section and shall be credited an amount at least equal to  
140 the avoided fuel cost of the excess kilowatt-hours generated  
141 during the billing period, with this credit applied to the  
142 following billing period;

143 (4) Any credits granted by this subsection shall  
144 expire without any compensation at the earlier of either

145 twelve months after their issuance or when the customer-  
146 generator disconnects service or terminates the net metering  
147 relationship with the supplier;

148 (5) For any rural electric cooperative under chapter  
149 394, or any municipally owned utility, upon agreement of the  
150 wholesale generator supplying electric energy to the retail  
151 electric supplier, at the option of the retail electric  
152 supplier, the credit to the customer-generator may be  
153 provided by the wholesale generator.

154 6. (1) Each qualified electric energy generation unit  
155 used by a customer-generator shall meet **and be installed,**  
156 **maintained, and repaired in accordance with** all applicable  
157 safety, performance, interconnection, and reliability  
158 standards established by any local code authorities, the  
159 National Electrical Code, the National Electrical Safety  
160 Code, the Institute of Electrical and Electronics Engineers,  
161 and Underwriters Laboratories for distributed generation.  
162 **All qualified electric energy generation units utilizing**  
163 **battery backup shall be installed to operate completely**  
164 **isolated from the retail electric supplier's system**  
165 **including, but not limited to, all neutral connections and**  
166 **grounding points, during times of backup operation. Unless**  
167 **allowed under subdivision (2) of subsection 3 of this**  
168 **section,** no supplier shall impose any fee, charge, or other  
169 requirement not specifically authorized by this section or  
170 the rules promulgated under subsection 9 of this section  
171 unless the fee, charge, or other requirement would apply to  
172 similarly situated customers who are not customer-  
173 generators, except that a retail electric supplier may  
174 require that a customer-generator's system contain **adequate**  
175 **surge protection and** a switch, circuit breaker, fuse, or  
176 other easily accessible device or feature located in

177 immediate proximity to the customer-generator's metering  
178 equipment that would allow a utility worker **or emergency**  
179 **response personnel** the ability to manually and instantly  
180 disconnect the unit from the utility's electric distribution  
181 system.

182 (2) For systems of ten kilowatts or less, a customer-  
183 generator whose system meets the standards and rules under  
184 subdivision (1) of this subsection shall not be required to  
185 install additional controls, perform or pay for additional  
186 tests or distribution equipment, or purchase additional  
187 liability insurance beyond what is required under  
188 subdivision (1) of this subsection and subsection 4 of this  
189 section.

190 (3) For customer-generator systems of greater than ten  
191 kilowatts, the commission for electrical corporations and  
192 the respective governing body for other retail electric  
193 suppliers shall, by rule or equivalent formal action by each  
194 respective governing body:

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

197 (b) Establish the qualifications for exemption from a  
198 requirement to install additional controls, perform or pay  
199 for additional tests or distribution equipment, or purchase  
200 additional liability insurance.

201 7. (1) Applications by a customer-generator for  
202 interconnection of a qualified electric energy generation  
203 unit meeting the requirements of subdivision (3) of  
204 subsection 2 of this section to the distribution system  
205 shall be accompanied by the plan for the customer-  
206 generator's electrical generating system, including but not  
207 limited to a wiring diagram and specifications for the  
208 generating unit, and shall be reviewed and responded to by

209 the retail electric supplier, **unless mutually agreed to,**  
210 within thirty days of receipt for systems ten kilowatts or  
211 less and within ninety days of receipt for all other  
212 systems. Prior to the interconnection of the qualified  
213 generation unit to the supplier's system, the customer-  
214 generator will furnish the retail electric supplier a  
215 certification from a [qualified] professional electrician or  
216 engineer **deemed qualified by the retail electric supplier**  
217 that the installation meets the requirements of subdivision  
218 (1) of subsection 6 of this section. **In the event the**  
219 **professional electrician or engineer is not licensed, the**  
220 **retail electric supplier may require a bond or other form of**  
221 **surety to insure the safe installation and operation of the**  
222 **qualified electric energy generation unit.** If the  
223 application for interconnection is approved by the retail  
224 electric supplier and the customer-generator does not  
225 complete the interconnection within one year after receipt  
226 of notice of the approval, the approval shall expire and the  
227 customer-generator shall be responsible for filing a new  
228 application.

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

233 8. Each electrical corporation shall submit an annual  
234 net metering report to the commission, and all other retail  
235 electric suppliers shall submit the same report to their  
236 respective governing body and make said report available to  
237 a consumer of the supplier upon request, including the  
238 following information for the previous calendar year:

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



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

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

244           9. The commission shall, within nine months of January  
245 1, 2008, promulgate initial rules necessary for the  
246 administration of this section for electrical corporations,  
247 which shall include regulations ensuring that simple  
248 contracts will be used for interconnection and net  
249 metering. For systems of ten kilowatts or less, the  
250 application process shall use an all-in-one document that  
251 includes a simple interconnection request, simple  
252 procedures, and a brief set of terms and conditions. Any  
253 rule or portion of a rule, as that term is defined in  
254 section 536.010, that is created under the authority  
255 delegated in this section shall become effective only if it  
256 complies with and is subject to all of the provisions of  
257 chapter 536 and, if applicable, section 536.028. This  
258 section and chapter 536 are nonseverable and if any of the  
259 powers vested with the general assembly under chapter 536 to  
260 review, to delay the effective date, or to disapprove and  
261 annul a rule are subsequently held unconstitutional, then  
262 the grant of rulemaking authority and any rule proposed or  
263 adopted after August 28, 2007, shall be invalid and void.

264           10. The governing body of a rural electric cooperative  
265 or municipal utility shall, within nine months of January 1,  
266 2008, adopt policies establishing a simple contract to be  
267 used for interconnection and net metering. For systems of  
268 ten kilowatts or less, the application process shall use an  
269 all-in-one document that includes a simple interconnection  
270 request, simple procedures, and a brief set of terms and  
271 conditions.

272           11. For any cause of action relating to any damages to  
273 property or person caused by the qualified electric energy  
274 generation unit of a customer-generator or the  
275 interconnection thereof, the retail electric supplier shall  
276 have no liability absent clear and convincing evidence of  
277 fault on the part of the supplier.

278           12. The estimated generating capacity of all net  
279 metering systems operating under the provisions of this  
280 section shall count towards the respective retail electric  
281 supplier's accomplishment of any renewable energy portfolio  
282 target or mandate adopted by the Missouri general assembly  
283 **and for purposes of compliance with any applicable federal**  
284 **law.**

285           13. The sale of qualified electric energy generation  
286 units to any customer-generator shall be subject to the  
287 provisions of sections 407.010 to 407.145 and sections  
288 407.700 to 407.720. The attorney general shall have the  
289 authority to promulgate in accordance with the provisions of  
290 chapter 536 rules regarding mandatory disclosures of  
291 information by sellers of qualified electric energy  
292 generation units. Any interested person who believes that  
293 the seller of any qualified electric energy generation unit  
294 is misrepresenting the safety or performance standards of  
295 any such systems, or who believes that any electric energy  
296 generation unit poses a danger to any property or person,  
297 may report the same to the attorney general, who shall be  
298 authorized to investigate such claims and take any necessary  
299 and appropriate actions.

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

303           15. No consumer shall connect or operate a qualified  
304 electric energy generation unit in parallel phase and  
305 synchronization with any retail electric supplier without  
306 written approval by said supplier that all of the  
307 requirements under subdivision (1) of subsection 7 of this  
308 section have been met. For a consumer who violates this  
309 provision, a supplier may immediately and without notice  
310 disconnect the electric facilities of said consumer and  
311 terminate said consumer's electric service.

312           16. The manufacturer of any qualified electric energy  
313 generation unit used by a customer-generator may be held  
314 liable for any damages to property or person caused by a  
315 defect in the qualified electric energy generation unit of a  
316 customer-generator.

317           17. The seller, installer, or manufacturer of any  
318 qualified electric energy generation unit who knowingly  
319 misrepresents the safety aspects of a qualified electric  
320 generation unit may be held liable for any damages to  
321 property or person caused by the qualified electric energy  
322 generation unit of a customer-generator.

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