

SECOND REGULAR SESSION

# HOUSE BILL NO. 2400

## 98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MILLER.

6016H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal section 386.890, RSMo, and to enact in lieu thereof one new section relating to the net metering and easy connection act.

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*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Section A. Section 386.890, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 386.890, to read as follows: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 Metering and Easy Connection Act".

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

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

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

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

(a) Is powered by a renewable energy resource;

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

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

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

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 (e) Is intended [primarily to offset part or all] **not to exceed one hundred percent** of  
19 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 of  
22 Electrical and Electronics Engineers, Underwriters Laboratories, the Federal Energy Regulatory  
23 Commission, and any local governing authorities; and

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

27 (4) "Department", the department of [natural resources] **economic development**;

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 thermal  
33 sources, hydroelectric sources, photovoltaic cells and panels, fuel cells using hydrogen produced  
34 by one of the above-named electrical energy sources, and other sources of energy that become  
35 available after August 28, 2007, and are certified as renewable by the department;

36 (7) "Retail electric supplier" or "supplier", any [municipal utility,] electrical corporation  
37 regulated under this chapter **that provides retail electric service in this state, [or] any rural**  
38 **electric cooperative under chapter 394 that provides retail electric service in this state and that**  
39 **serves ten thousand or more connected meters, or any municipal utility that provides retail**  
40 **electric service in this state and that serves ten thousand or more connected meters.**

41 3. A retail electric supplier shall:

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

51 (2) Offer to the customer-generator a tariff or contract that is identical in electrical  
52 energy rates, rate structure, and monthly charges to the contract or tariff that the customer would  
53 be assigned if the customer were not an eligible customer-generator [but shall not] **;except that,**

54 **in order to ensure that no eligible customer-generator shall be subsidized by customers**  
55 **who are not customer-generators and if approved by the commission for the commission-**  
56 **regulated supplier or by the respective governing body of the non-regulated suppliers, the**  
57 **retail electric supplier also may** charge the customer-generator any additional standby,  
58 capacity, interconnection, or other fee or charge that [would not otherwise be charged if the  
59 customer were not an] **is reasonably calculated to recover that portion of the fixed costs of**  
60 **the supplier and demand charges attributable to and necessary for providing service to the**  
61 eligible customer-generator; and

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

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

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

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

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

87 (3) If the electricity generated by the customer-generator exceeds the electricity supplied  
88 by the supplier during a billing period, the customer-generator shall be billed for the appropriate  
89 customer charges for that billing period in accordance with subsection 3 of this section and shall

90 be credited an amount at least equal to the avoided fuel cost of the excess kilowatt-hours  
91 generated during the billing period, with this credit applied to the following billing period;

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

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

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

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

116 (3) For customer-generator systems of greater than ten kilowatts, the commission for  
117 public utilities and the governing body for other utilities shall, by rule or equivalent formal action  
118 by each 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 section  
125 to the distribution system shall be accompanied by the plan for the customer-generator's electrical

126 generating system, including but not limited to a wiring diagram and specifications for the  
127 generating unit, and shall be reviewed and responded to by the retail electric supplier within  
128 thirty days of receipt for systems ten kilowatts or less and within ninety days of receipt for all  
129 other systems. Prior to the interconnection of the qualified generation unit to the supplier's  
130 system, the customer-generator will furnish the retail electric supplier a certification from a  
131 qualified professional electrician or engineer **approved by the retail electric supplier** 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  
134 customer-generator does not complete the interconnection within one year after receipt of notice  
135 of the approval, the approval shall expire and the customer-generator shall be responsible for  
136 filing a new application.

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

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

- 144 (1) The total number of customer-generator facilities;  
145 (2) The total estimated generating capacity of its net-metered customer-generators; and  
146 (3) The total estimated net kilowatt-hours received from customer-generators.

147 9. The commission shall, within nine months of January 1, 2008, promulgate initial rules  
148 necessary for the administration of this section for public utilities, which shall include  
149 regulations ensuring that simple contracts will be used for interconnection and net metering. For  
150 systems of ten kilowatts or less, the application process shall use an all-in-one document that  
151 includes a simple interconnection request, simple procedures, and a brief set of terms and  
152 conditions. Any rule or portion of a rule, as that term is defined in section 536.010, that is  
153 created under the authority delegated in this section shall become effective only if it complies  
154 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.  
155 This section and chapter 536 are nonseverable and if any of the powers vested with the general  
156 assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a  
157 rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule  
158 proposed or adopted after August 28, 2007, shall be invalid and void.

159 10. The governing body of a rural electric cooperative or municipal utility shall, within  
160 nine months of January 1, 2008, adopt policies establishing a simple contract to be used for  
161 interconnection and net metering. For systems of ten kilowatts or less, the application process

162 shall use an all-in-one document that includes a simple interconnection request, simple  
163 procedures, and a brief set of terms and conditions.

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

167 12. The estimated generating capacity of all net metering systems operating under the  
168 provisions of this section shall count towards the respective retail electric supplier's  
169 accomplishment of any renewable energy portfolio target or mandate adopted by the Missouri  
170 general assembly **as well as for purposes of compliance with any applicable federal law.**

171 13. The sale of qualified electric generation units to any customer-generator shall be  
172 subject to the provisions of sections 407.700 to 407.720. The attorney general shall have the  
173 authority to promulgate in accordance with the provisions of chapter 536 rules regarding  
174 mandatory disclosures of information by sellers of qualified electric generation units.

175 Any interested person who believes that the seller of any electric generation unit is  
176 misrepresenting the safety or performance standards of any such systems, or who believes that  
177 any electric generation unit poses a danger to any property or person, may report the same to the  
178 attorney general, who shall be authorized to investigate such claims and take any necessary and  
179 appropriate actions.

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

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

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

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

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