

SENATE BILL NO. 957

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREEN.

Read 1st time February 17, 2010, and ordered printed.

TERRY L. SPIELER, Secretary.

5033S.01I

AN ACT

To amend chapters 393 and 643, RSMo, by adding thereto two new sections relating to combined heat and power.

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

Section A. Chapters 393 and 643, RSMo, are amended by adding thereto
2 two new sections, to be known as sections 393.108 and 643.370, to read as follows:

393.108. 1. The general assembly finds that combined heat and
2 power benefits Missouri by providing usable energy more efficiently
3 and cheaply, reducing pollution, and enhancing the safety and
4 reliability of electricity transmission and distribution. It is therefore
5 the policy of Missouri to facilitate the widespread application of
6 combined heat and power by the commercial, institutional, industrial,
7 utility, and residential sectors.

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

9 (1) "Combined heat and power system" or "CHP system", a system
10 that uses the same energy source for the simultaneous or sequential
11 generation of electrical power, mechanical power, or both, and utilizes
12 the resulting thermal energy that would otherwise be wasted for
13 heating, cooling, dehumidification, or other thermal
14 applications. Where waste heat is the only fuel input to the CHP
15 system, the system will generate electrical power and may or may not
16 generate additional thermal energy;

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

18 (3) "Utility", a gas corporation or electrical corporation as those
19 terms are defined in section 386.020, except as used in subsection 8 of
20 this section.

21 3. The commission shall review and modify, if necessary, rules
22 that address cogeneration and distributed generation to ensure that for
23 CHP systems, the provisions of this section are adopted:

24 **(1) Interconnection agreements, procedures and fees shall be**
25 **non-discriminatory, just and reasonable, and establish uniform, clear**
26 **and transparent time lines. The rules shall be applicable to all**
27 **facilities under state jurisdiction, and may incorporate the applicable**
28 **standards published by the Institute of Electrical and Electronics**
29 **Engineers as Standard 1547, the Interstate Renewable Energy Council**
30 **and the National Association of Regulatory Utility Commissioners, as**
31 **these may be amended from time to time. The commission shall make**
32 **available an expedited dispute resolution mechanism;**

33 **(2) Electrical corporations shall purchase from eligible CHP**
34 **systems electricity that is delivered to the grid. An eligible CHP system**
35 **is one that, in addition to meeting the other requirements of this**
36 **section:**

37 **(a) Has a nameplate generating capacity of fifty megawatts or**
38 **less;**

39 **(b) Has an average annual operating efficiency of sixty percent**
40 **or more, measured as useful energy output divided by fuel input, except**
41 **that waste heat recovery CHP systems need not meet this efficiency**
42 **standard;**

43 **(c) Uses a time-of-use metering system capable of registering the**
44 **flow of electricity in two directions. If the existing electrical metering**
45 **is not capable of measuring the flow of electricity in two directions, the**
46 **customer shall be responsible for all expenses involved in purchasing**
47 **and installing the necessary metering. If an additional meter or meters**
48 **are installed, the electricity flow calculations shall yield a result**
49 **identical to that of a time-of-use meter;**

50 **(d) Is interconnected to, and operates in parallel with, the**
51 **electric transmission and distribution grid;**

52 **(e) Meets an oxides of nitrogen (NOx) emissions rate standard of**
53 **seven hundredths of one pound per megawatt-hour; and**

54 **(f) Is sized to meet at least a portion of the host site's onsite**
55 **thermal demand if not fueled entirely by waste heat, and the CHP**
56 **system's output shall be at least twenty percent electricity and at least**
57 **twenty percent useful thermal energy.**

58 **4. In its review of tariffs filed under this section, the commission**
59 **shall determine whether the tariffs meet the policy established in**
60 **subsection 1 of this section and the following provisions:**

61 (1) The tariff shall provide for payment for every megawatt-hour
62 delivered to the electrical grid by the combined heat and power system
63 at a just and reasonable rate but no less than the retail rate for the
64 host site of the CHP system;

65 (2) The tariff shall:

66 (a) Include rates with options for different durations, not to
67 exceed twenty years;

68 (b) Be indexed to the cost of natural gas; and

69 (c) Include the cost of any credits for compliance with
70 greenhouse gas regulation at such time as this may occur;

71 (3) The tariff shall use time-of-delivery rates that encourage
72 demand management and net generation of electricity during periods
73 of peak system demand, and shall allow for congestion pricing;

74 (4) The tariff is available to CHP systems that are owned or
75 leased, and operate within the service territory of the electrical
76 corporation, upon request. An electrical corporation shall make the
77 terms of the tariff available in the form of a standard contract;

78 (5) Rates, prices, charges, terms, and conditions for supporting
79 services supplied by electrical and gas corporations to CHP systems
80 shall be non-discriminatory, cost-based, just and reasonable. Rates and
81 charges for standby power and maintenance power shall not be based
82 on assumptions, unless supported by factual data, that forced outages
83 or other reductions in electric output by CHP systems will occur
84 simultaneously on a utility's system or during the utility's system peak
85 or both.

86 5. Every electrical corporation shall file a tariff in compliance
87 with the provisions of this section within ninety days of the effective
88 date of this act.

89 6. The tariffs or contracts shall be available until the total
90 installed capacity of CHP system electrical generation, including the
91 capacity installed within the territories of municipally owned utilities
92 and rural electric cooperatives, reaches five hundred megawatts, with
93 each electrical corporation's, municipally owned utility's and rural
94 electric cooperative's share of the total capacity apportioned to its
95 retail sales. Once five hundred megawatts of capacity is installed in
96 Missouri, the commission shall determine whether to continue the
97 tariffs based on its estimate of remaining cost-effective CHP system

98 generation potential.

99 7. Utilities may own CHP systems in full or in partnership with
100 site owners. Utilities may build CHP systems subject to the same rate-
101 making treatment as other gas or electric plants but without obtaining
102 certificates of convenience and necessity. Wholly non-utility-owned
103 CHP systems shall not be considered regulated public utilities as
104 defined in section 386.020. For CHP system-related equipment not
105 owned by a utility, the utility shall not be liable for loss, damage, or
106 injury caused directly or indirectly by the equipment except for
107 negligence by the utility in the purchase, installation, or modification
108 of the equipment.

109 8. The governing body of each rural electric cooperative and
110 municipally owned electric utility shall, within one year of the effective
111 date of this section, take action to comply with its terms, and in lieu of
112 subdivision (2) of subsection 3 of this section shall provide a market for
113 the purchase of electricity generated by a combined heat and power
114 system, at a just and reasonable rate. A generation and transmission
115 cooperative that provides energy services to distribution cooperatives
116 may act on behalf of the cooperatives it serves. A joint municipal
117 utility commission may act on behalf of its contracting municipalities.

643.370. 1. For permits issued under this chapter to combined
2 heat and power systems, as defined in section 393.108, the department
3 shall use emission standards expressed in pounds per megawatt hour
4 for both electrical and thermal energy. Emission limits shall allow for
5 emissions avoided due to combined heat and power, including the
6 emissions avoided by any off-site electric generating facility for power
7 it would otherwise provide to the combined heat and power host site.

8 2. The department shall make provisions for combined heat and
9 power systems to claim, and to participate in trading programs for, any
10 credits, allowances, set-asides, or similar instruments representing
11 reductions in their emissions of pollutants, including greenhouse gases,
12 that are achieved by implementing combined heat and power, whenever
13 such programs or instruments are authorized by Missouri or federal
14 law.

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