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DEC 17 2015
STATE AUDITORS OFFICE

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STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

16-180

December 17, 2015

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andy Zellers regarding a proposed statutory amendment to Chapter 386, version 17 (2016-180)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andy Zellers on December 16, 2015.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

16-180 County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 8th day of November, 2016, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

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2015 DEC 16 PM 4:50
SEC. OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____.
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201_____.

Notary Public (Seal)

_____
Signature of Notary

My commission expires _____

_____
Address of Notary (Street, City, State & Zip Code)

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Be it enacted by the people of the state of Missouri:

Section A: Section 386.890 is amended and sections 386.860, 386.900, 386.910 and 386.1000 are enacted to read as follows:

386.860. Clean energy resources and distributed electric generation provide benefits to the electric grid, the environment, and the economy of Missouri. It shall be the policy of the state to value clean energy, energy price stability and energy independence. In furtherance of the above policy, sections 386.900 to 386.1000 shall be known and cited as the "Clean Energy Independence and Investment Act of 2016".

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;

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

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

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

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

(5) "Net metering", using metering equipment sufficient to measure the difference between the electrical energy supplied to a customer-generator by a retail electric supplier and the electrical

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energy supplied by the customer-generator to the retail electric supplier over the applicable billing period;

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

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

3. A retail electric supplier shall:

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

(2) Offer to the customer-generator a tariff or contract that is identical in electrical energy rates, rate structure, and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator; and

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

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

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

(1) For a customer-generator, a retail electric supplier shall measure the net electrical energy produced or consumed during the billing period in accordance with normal metering practices

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for customers in the same rate class, either by employing a single, bidirectional meter that measures the amount of electrical energy produced and consumed, or by employing multiple meters that separately measure the customer-generator's consumption and production of electricity;

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

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

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

(5) [For any rural electric cooperative under chapter 394, or municipal utility, u]Upon agreement of the wholesale generator supplying electric energy to the retail electric supplier, at the option of the retail electric supplier, the credit to the customer-generator may be provided by the wholesale generator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[13.] 12. The sale of qualified electric generation units to any customer-generator shall be subject to the provisions of sections 407.700 to 407.720. The attorney general shall have the authority to promulgate in accordance with the provisions of chapter 536 rules regarding mandatory disclosures of information by sellers of qualified electric generation units. Any interested person who believes that the seller of any electric generation unit is misrepresenting the safety or performance standards of any such systems, or who believes that any electric generation unit poses a danger to any property or person, may report the same to the attorney general, who shall be authorized to investigate such claims and take any necessary and appropriate actions.

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

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

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

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

386.900. 1. This section shall be known and may be cited as the "Enhanced Net Metering and Easy Connection Act". It shall be the policy of the state to facilitate the use of customer-sited or controlled clean energy resources.

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 utility or electrical corporation as provided in this chapter;

(2) "Clean energy resource", electrical energy produced from:

(a) Wind;

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(b) Solar thermal sources;

(c) Hydroelectric sources;

(d) Photovoltaic cells and panels;

(e) Fuel cells using hydrogen produced by a source listed in paragraphs (a) through (d) of this subdivision; or

(f) Other sources of energy that become available after January 1, 2017, and are certified as clean by the department.

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

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

(a) Is powered by a clean energy resource or micro CHP;

(b) Has an electrical generating system with a capacity of not more than five hundred kilowatts, measured in alternating current;

(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;

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

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

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

(5) "Department", the department of natural resources;

(6) "Micro CHP", combined heat and power or cogeneration systems that simultaneously generate electricity and thermal energy in a single integrated system with a nameplate rated capacity equal to or lower than 130 kilowatts, measured in alternating current;

(7) "Net excess energy", the amount of energy expressed in kilowatt hours delivered by a customer-generator to a supplier that exceeds the amount of energy delivered by the supplier to the customer-generator over a single billing period;

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

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(9) "Retail electric supplier" or "supplier", any municipal utility or electrical corporation regulated under this chapter that provides retail electric service in this state.

3. A retail electric supplier shall:

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

(2) Offer to the customer-generator a tariff or contract that is identical in electrical energy rates, rate structure, and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator; and

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

4. A customer-generator's facility shall be equipped with sufficient metering equipment that can measure the net amount of electrical energy produced or consumed by the customer-generator. If the customer-generator's existing meter equipment does not meet these requirements or if it is necessary for the electric supplier to install additional distribution equipment to accommodate the customer-generator's facility, the retail electric supplier shall pay for the costs to purchase and install the necessary additional equipment, unless the commission or governing body makes a determination that the customer-generator is the only customer benefiting from the additional distribution equipment. If the commission determines the customer-generator is the only customer benefiting, such customer-generator shall reimburse the electric supplier for reasonably incurred equipment expenses. At the request of the customer-generator, such costs may be initially paid for by the retail electric supplier, and any amount up to the total costs and a reasonable interest charge may be recovered from the customer-generator over the course of up to twelve billing cycles.

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

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

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

(3) If the electricity generated by the customer-generator exceeds the electricity supplied by the supplier during a billing period, the customer-generator shall be billed for the appropriate customer charges for that billing period in accordance with subdivision (2) of subsection 3 of this section and all net excess energy shall be carried forward from month-to-month and credited at a ratio of one-to-one against the customer-generator's energy consumption in subsequent months;

(4) Any net excess energy credits carried forward under subdivision (3) of this subsection shall expire without any compensation at the earlier of either the next subsequent March billing period or when the customer-generator disconnects service or otherwise terminates the net metering relationship with the supplier;

(5) For any municipal utility, upon agreement of the wholesale generator supplying electric energy to the retail electric supplier, at the option of the retail electric supplier, the credit to the customer-generator may be provided by the wholesale generator.

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

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

(3) For customer-generator systems of greater than ten kilowatts, the commission for public utilities and the governing body for other utilities shall, by rule:

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

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

7. (1) Applications by a customer-generator for interconnection of a qualified electric energy generation unit meeting the requirements of subdivision (4) of subsection 2 of this section to the

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distribution system shall be accompanied by the plan for the customer-generator's electrical generating system, including but not limited to a wiring diagram and specifications for the generating unit, and shall be reviewed and responded to by the retail electric supplier within thirty days of receipt for systems one hundred kilowatts or less and within sixty days of receipt for all other systems. Prior to the interconnection of the qualified generation unit to the supplier's system, the customer-generator will furnish the retail electric supplier a certification from a qualified professional electrician or engineer that the installation meets the requirements of subdivision (1) of subsection 6 of this section. If the application for interconnection is approved by the retail electric supplier and the customer-generator does not complete the interconnection within one year after receipt of notice of the approval, the approval shall expire and the customer-generator shall be responsible for filing a new application. Retail electric suppliers shall interconnect qualified energy generation units within thirty days of being notified the generation unit is installed and meets the requirements of this section.

(2) Upon the change in ownership of a qualified electric energy generation unit, the new customer-generator shall be responsible for notifying the retail electric supplier.

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

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

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

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

9. The commission shall by June 1, 2017 promulgate any rules necessary for the administration of this section for public utilities, which shall include regulations ensuring that simple contracts will be used for interconnection and net metering. For systems of one hundred kilowatts or less, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after June 1, 2017, shall be invalid and void.

10. The governing body of a municipal utility shall by June 1, 2017 adopt policies establishing a simple contract to be used for interconnection and net metering. For systems of one hundred kilowatts or less, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures, and a brief set of terms and conditions.

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

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

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

14. Any costs, including lost revenues and lost earnings opportunities associated with reduced demand or kilowatt hours sales, incurred under this section by a retail electric supplier shall be recovered in a timely manner in that utility's rate structure in the form of a tracker or other appropriate rate recovery mechanism. At the time of any general change in a supplier's rates, any over-recovery or under-recovery balance shall be included in the supplier's revenue requirement used to set rates as amortized over a period not exceeding three years, and shall be recovered from each rate class pursuant to the supplier's approved rate design. At the time any general change in prospective rates is proposed, the commission shall permit the supplier to estimate the total generation output from all customer-owned generation for each rate class for the twelve-month period following the effective date of any change in rates, and rates shall be set using energy and demand billing units that reflect the estimated reduction of energy and demand likely to occur due to customer-owned generation. When considering costs, the commission may evaluate the value of distributed generation and clean energy resources. To the extent any costs, lost revenues, or lost earnings are recovered under this section, they shall not raise the retail rates charged to the customers of electrical corporations by an average of more than one percent in any year. Any limitation on cost recovery shall not limit the availability of net metering except as provided in subsection 3 of this section.

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

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

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

386.910. 1. This section shall be known and cited as the "Community Solar Act."

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2. Within thirty days of enactment of this section, the commission shall open a docket and by August 1, 2017, the commission shall adopt rules and regulations allowing customers to participate in community solar facilities and set a value-of-community-solar rate. For purposes of this section, a "community solar facility" is a photovoltaic electric generation facility with a capacity of between one hundred and one thousand kilowatts, measured in alternating current, that allows five or more customers of an electrical corporation to offset their energy usage with solar energy and such facility is located within the Missouri service territory of the electrical corporation where such customers have one or more electrical accounts. For the purposes of this section, an electrical corporation is as defined in 386.020.

3. The aggregated capacity of community solar facilities located in the territory of each individual electrical corporation shall not be greater than four percent of the electrical corporation's single-hour peak load during the previous calendar year, and such capacity of community solar facilities shall not count towards the system-wide net metering cap defined in subsection 3 of section 386.900. Electrical corporations shall be allowed to own or operate community solar facilities with an aggregate capacity up to two percent of the electrical corporation's single-hour peak load during the previous year. Entities or individuals that are not electrical corporations shall be allowed to own or operate community solar facilities with an aggregate capacity up to two percent of an electrical corporation's single-hour peak load during the previous year. The commission shall allow prudently incurred costs and expenses for community solar facilities owned by an electrical corporation to be included in such electrical corporation's rate base. Once a four percent aggregate cap is reached for community solar facilities, the commission shall open a docket to determine whether or not the community solar program shall be expanded, and the commission may increase the aggregate capacity cap above four percent, or adjust the percentage cap of electrical corporations owning community solar facilities. The commission shall consider all benefits and costs of such an expansion when making its decision. Community solar facilities shall not be eligible for tax credits under section 386.1000.

4. For any community solar facility that is owned or operated by an entity other than an electrical corporation, the energy generated by such community solar facility shall be provided to the electrical corporation to which it is interconnected in exchange for the allocation and facilitation of bill credits as provided in subsection 5 of this section.

5. Kilowatt hours generated from community solar facilities shall be allocated, on a pro rata basis, to the designated subscribers of the community solar facility at the direction of the community solar facility owner or operator. Allocated bill credits shall be set at a community solar rate per kilowatt hour determined by the commission. The commission shall determine the value of bill credits per kilowatt hour taking into consideration costs and benefits of solar energy including but not limited to energy value, generation value, environmental value, transmission and distribution system value, disaster recovery value, reactive power value and other grid benefit value, but such bill credits shall not be less than the electrical corporation's average retail rate. The value of allocated community solar bill credits shall be used to reduce the customer's

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total bill. Owners and operators of community solar facilities shall not be considered a public utility as defined in section 386.020, except that this provision shall not apply to any owner or operator who is an electrical corporation. When a community solar facility is placed in service it shall have the option to lock in the current value-of-community-solar rate for a period of twenty years.

6. The commission shall promulgate rules and regulations it deems necessary to carry out the provisions of this section. The commission's rules shall: allow electrical corporations to recover costs; provide earning opportunities for electrical corporations; provide an orderly process, including a reservation system, to allow potential community solar facility owners and operators to develop projects within the capacity limits in subsection 2 of this section; and provide options, which may include financial incentives, to encourage low-income participation.

7. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after the effective date of this section, shall be invalid and void.

386.1000. 1. For all tax years beginning on or after January 1, 2016, any taxpayer incurring costs and expenses for the installation of a clean energy resource project shall receive a tax credit, referred to as a "clean energy tax credit", against the state tax liability incurred pursuant to chapter 143, exclusive of the provisions relating to the withholding of tax as provided in sections 143.191 to 143.265, in an amount equal to thirty-five percent of the total cost and expenses of the project. The total amount of clean energy tax credits offered annually shall not exceed one percent of the value of electricity used in Missouri as determined in subsection 4 of this section.

2. The department of economic development shall certify when the tax credits provided in this section have resulted in the installation of one thousand megawatts, measured in alternating current, of additional clean energy generation resources installed using tax credits under this section and shall notify the governor, the general assembly, the public, and each taxpayer that submits an application for a tax credit under this section once the one thousand megawatt limit has been reached. After such certification, but no later than June 30, 2022, the authorization to issue additional clean energy tax credits shall sunset.

3. "Clean energy resource project" shall be defined as a project producing electrical energy from a clean energy resource as defined in section 386.900 or other technology eligible for net metering as defined in 386.900. A "taxpayer" shall mean any entity subject to taxation of income under chapter 143. The costs and expenses included in the cost basis eligible for the tax credit shall include, but not be limited to, expenses necessary for the production of a clean energy resource project that is tangible personal property, or other tangible property if such property is used as an integral part of the clean energy resource project installation, and shall include costs

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and expenses allowable with respect to depreciation or amortization in lieu of depreciation. The maximum cost basis, for the purpose of calculating the state tax credit, shall not exceed three dollars per watt measured in direct current for solar photovoltaic projects and an equivalent amount for other clean energy resource projects measured in alternating current. If the total project costs exceed three dollars per watt, the basis eligible for the state tax credit shall nonetheless be limited to three dollars per watt.

4. For the purposes of this section, "value of electricity used in Missouri" means the annual aggregate Missouri-based portion of revenue of retail electric suppliers, as defined in 386.890 and 386.900, per fiscal year. The determination of the value of electricity used in Missouri shall be determined by the commission based on available reports, including FERC Form Number 1 as allowed by 18 CFR § 141 or an equivalent as determined by the commission, of megawatt hours sales of retail electricity and corresponding revenues for the preceding year or most current reporting period as determined by the commission. The commission shall publish the value of electricity used in Missouri to the public and department of economic development within forty-five days of the enactment of this section and at least sixty days prior to the beginning of each fiscal year.

5. The provisions of this section notwithstanding, a claimant may only apply for and receive the credit authorized by this section for installations up to two hundred kilowatts, measured in alternating current, per project. No electrical corporation as defined under section 386.020 shall own or control a clean energy resource project that receives a state tax credit under this section or be permitted to claim, transfer, or assign any tax credit under this section.

6. The "Clean Energy Fund" is hereby created within the state treasury which shall consist of application deposits, appropriated moneys, gifts, contributions, grants, or bequests.

The state treasurer without legislative action shall credit to and place in the Clean Energy Fund all moneys collected as a result of the application deposits required under this section. All of the moneys collected under this section shall be kept separate from the general revenue fund as well as any other funds or accounts in the state treasury and shall be credited to and placed only in the Clean Energy Fund and the accounts created within the Clean Energy Fund. Any moneys credited to and placed in the Clean Energy Fund and any account created by this section shall be appropriated and used only for a purpose authorized by this section and shall not be subject to the provisions of section 33.080, RSMo. The unexpended balances of such moneys shall remain in the Clean Energy Fund and in the particular account in which the moneys are placed, and such balances shall not revert to the general revenue fund. All interest which accrues upon the moneys in any account within the Clean Energy Fund shall be added to such account and shall not be credited to the general revenue fund.

The department of economic development shall administer the fund. Any unencumbered monies in the fund shall be appropriated and used exclusively for advancing clean energy through the efficient administration of the clean energy tax credit program created under this section.

7. To obtain approval for tax credits allowed under this section, a taxpayer shall submit an initial application for tax credits to the department of economic development. Each application shall be

prioritized for review and approval, in the order of the date on which the application was received, with the oldest received date receiving priority. Applications received on the same day shall go through a lottery process to determine the order in which such applications shall be reviewed. Each application shall include a two cent per watt, measured in alternating current, application deposit, which shall be deposited in the Clean Energy Fund. Such application deposit shall be refunded at completion of the project or if the department of economic development disapproves the project. The application deposit shall be retained in the Clean Energy Fund if the application is withdrawn by the taxpayer or the project is not completed within the time specified under this section. The taxpayer may request a refund of the application deposit; however, any refunds of the deposit for an application shall cause such application to lose its spot in the priority queue. If the taxpayer wants to maintain its position in the priority queue, the application deposit shall be retained in the Clean Energy Fund until completion of the project. At least once per quarter, the department of economic development shall publish a list identifying the amount of tax credits receiving initial approval and final approval for each fiscal year and the amount of tax credits reserved for future years, if applicable.

8. Each application for initial approval of the tax credit under this section shall be reviewed by the department of economic development within thirty days of its submission. In order to receive consideration, an application must include:

(1) Proof of ownership or site control. Proof of ownership shall include evidence that the taxpayer is the fee simple owner of the eligible property. Such evidence may include a warranty deed, closing statement or other form approved by the department. Proof of site control may be evidenced by a leasehold interest or an option to acquire such an interest;
(2) Design plans for the clean energy resource project, including one-line diagrams stamped by a professional engineer, when applicable;
(3) The estimated costs and expenses to be included in the cost basis eligible for the tax credit, the local electric utility provider, the estimated project start date, and the estimated project completion date;
(4) The application deposit required under subsection 7 of this section, to be deposited in the Clean Energy Fund; and
(5) Any other information which the department of economic development may reasonably require to review the project for approval.

9. Disapproved applications shall lose priority in the review process. If an application is removed from the review process, the department of economic development shall notify the taxpayer in writing of the decision of its intent to disapprove and to remove such application. The taxpayer shall have one opportunity, not to exceed ten days of notification of intent to disapprove, to correct any deficiencies in the initial application without losing its priority before becoming disapproved. A disapproved application, which is removed from the review process, may be resubmitted, but shall be deemed to be a new submission for purposes of the priority procedures described in this section.

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10. If the department of economic development deems the application sufficient, the taxpayer shall be notified in writing of the approval for an amount of tax credits in accordance with this section within forty-five days of the initial application. Such approvals shall be granted to applications in the order of priority established under subsection 7 of this section.

11. In the event that the department of economic development grants approval for tax credits equal to the total amount available under this section or sufficient that when totaled with all other approvals, the amount available under this section is exhausted, all taxpayers with applications for initial approval then awaiting review or thereafter submitted for initial approval shall be notified by the department of economic development that the maximum amount of credits authorized have been allocated for the fiscal year and no additional credits are available. The department of economic development shall continue to review applications during the fiscal year and any additional approvals shall be issued in the event that additional credits become available due to the rescission of approvals or reserved for a future fiscal year.

12. All taxpayers with applications receiving initial approval shall complete the clean energy resource project within nine months of the date of issuance of the letter from the department of economic development granting the initial approval for tax credits. Completion shall include certification from a local permitting authority that the project is complete. If no certification from a local permitting authority is available then a professional engineer shall certify the installation meets all applicable safety, performance, interconnection, and reliability standards established by the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, Underwriters Laboratories, the Federal Energy Regulatory Commission, and any local governing authorities. By depositing an additional two cent per watt application deposit with the department of economic development to be credited to the Clean Energy Fund, the taxpayer shall get one three-month extension to complete the project if it demonstrates at least thirty percent of the project costs have been incurred and the project is expected to be completed within three months. If the department of economic development determines that a taxpayer has failed to comply with the requirements provided under this section, the approval for the amount of tax credits for such taxpayer shall be rescinded and such amount of tax credits shall then be included in the total amount of tax credits provided under this section from which approvals may be granted. Any taxpayer whose approval shall be subject to rescission shall be notified of such from the department of economic development and, upon receipt of such notice, may submit a new application for the project.

13. For calendar year 2016, any taxpayer verified by the department to have commenced a clean energy resource project in calendar year 2016 and otherwise complied with subsections 1 and 5 within calendar year 2016 shall be deemed eligible for the tax credit under this section.

14. To claim the tax credit authorized under this section, a taxpayer with initial approval shall complete the project and apply for final approval and issuance of tax credits from the department of economic development, which shall determine the total amount of eligible costs for the clean energy resource project. The taxpayer's final approval application shall include a cost certification report or opinion letter from a certified public accountant confirming the costs and

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expenses incurred for purposes of determining the eligible cost basis for the clean energy resource project. For any project to which the department gives final approval, the department shall inform the taxpayer by letter and shall issue, to the taxpayer, a tax credit certificate within thirty days of receiving the final approval application. The taxpayer shall attach the certificate to all Missouri income tax returns on which the credit is claimed. The department of economic development shall certify to the department of revenue the amount of such tax credit to which a credit claimant is entitled pursuant to this section.

15. If the amount of the credit under subsection 14 of this section exceeds the taxpayer's total tax liability for the year in which the clean energy resource installation is placed in service, the amount that exceeds the state tax liability may be carried back to any of the three preceding years and carried forward for credit against the taxes imposed pursuant to chapter 143 and chapter 148, except for sections 143.191 to 143.265 for the succeeding ten years, or until the full credit is used, whichever occurs first. Taxpayers eligible for such tax credits may transfer, sell or assign the credits with assignee retaining the same carryback and carryforward rights contained in this subsection. The assignor of tax credits shall perfect such transfer by notifying the department of economic development in writing within thirty calendar days following the effective date of the transfer and shall provide any information as may be required by the department of economic development to administer and carry out the provisions of this section. The state tax credit shall not be subject to recapture provisions. For financial institutions, credits authorized pursuant to this section shall be deemed to be economic development credits for purposes of section 148.064.

16. Except as expressly provided in this section, tax credit certificates shall be issued in the year in which the clean energy resource project is completed. In the event the amount of eligible costs and expenses incurred by a taxpayer would result in the issuance of an amount of tax credits in excess of the amount provided under such taxpayer's approval granted under subsections 10 or 11 of this section, such taxpayer may not apply to the department for issuance of tax credits in an amount equal to such excess and shall be limited to the amount allocated in the initial application approval letter received from the department of economic development.

17. The department shall promulgate rules necessary to administer the provisions of the section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536.