

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (No. 03-01)

Subject

Initiative petition for a proposed change to Section 386, RSMo from Larry Rice regarding Consumer Clean Energy Act. (Received January 21, 2003)

Date

February 10, 2003

Description

The initiative petition amends Section 386.887 RSMo, which is currently known as the "Consumer Clean Energy Act" by deleting and inserting text throughout the section.

No text was amended to Sections 386.887.1, 386.887.2, and 386.887.10.

Section 386.887.3 requires the commission, in consultation with the Department of Natural Resources and retail electric suppliers, to develop a simple contract for eligible customer-generators and retail electric suppliers by January 1, 2005. Rates for electric energy generated by the customer-generator and sold to the retail electric supplier or its wholesale generator shall be set by the Missouri Public Service Commission considering the generation costs of the public utility, the rate charged the customer-generator, the public policy to encourage customer and citizens to generate electricity, and shall be equal to or greater than 5 cents per kilowatt hour.

Section 386.887.4(3) (c) requires the retail electric supplier to pay the customer-generator any credits owed but unused in the prior calendar year if the value of the electric energy generated by the customer-generator exceeds the value of the electric energy supplied by the retail electric supplier.

Section 386.887.5 requires the retail electric supplier to make available, at its expense, a net metering unit or units, which measure the electricity used by and provided by the customer-generator.

Section 386.887.6 removes the text in which the retail electric supplier notifies the commission when the total generating capacity of the customer-generators is equal to or in excess of the lesser of ten thousand kilowatts or one-tenth of one percent of the capacity necessary to meet the company's aggregate customer peak demand for the preceding calendar year.

Section 386.887.7 amends the text to require the commission to establish reasonable standards and requirements for the net metering units.

Section 386.887.8 requires the retail electric supplier to pay the cost of meeting the standards of Section 387.887.7 and the cost to install additional controls, to install additional metering, and to perform or pay for additional tests or analysis. The customer-generator, with an electric generation system meeting the requirements set forth by the Missouri Public Service Commission, shall not be required to install additional controls, pay any additional taxes, fees, or assessments, obtain any additional insurance, or conduct any tests.

Section 386.887.9 requires applications by a customer-generator for interconnection to the distribution system to meet the requirements established by the Missouri Public Service Commission.

Assumptions

The Missouri Public Service Commission assumes the proposed change to Section 386.887 will pay customer-generators more than avoided rates (not less than 5 cents per kilowatt hour), have the retail electric supplier provide for net metering, removes total participation limits, and refers safety and contract requirements to the Commission with less prescriptive language regarding retail electric supplier unit.

Currently, the retail electric supplier adopts rates, charges, conditions, and contract terms for the purchase from and sale of electric energy to customer-generators. Rates for electric energy generated by the customer-generator from a qualified net generating unit would be the avoided cost (time of use or nontime for use) of the generation used by the retail electric supplier to serve its other customers. A retail electric supplier is not required to provide net metering service to additional customer-generators after the date during any calendar year on which the total generating capacity of all customer-generators with qualified net metering units served by that retail electric suppliers is equal to or in excess of the lesser of ten thousand kilowatts or one-tenth of one percent of the capacity necessary to meet the company's aggregate customer peak demand for the preceding calendar year. Each qualified net metering unit must meet all applicable safety, performance, synchronization, interconnection and reliability standards established by the commission, the National Electrical Safety Code, National Electric Code, the Institute of Electrical, Electronics Engineers, and the Underwriters Laboratory. The cost of meeting the standards of Section 386.887.7 and the cost to install additional controls, to install additional metering, and to perform or pay for additional tests or analysis is paid by the customer-generator.

Information provided by the Missouri Public Service Commission indicated the following: Other state agencies or political subdivisions would be affected only to the degree that customer rates and taxes are affected by the described changes permitting customer-generators to interconnect and sell power back to their retail electric supplier. The impact (if any) to small businesses should be very small. It is not expected to have an impact on total state revenue since few customers are likely to participate in self-generation and those who do will generate relatively small amounts of power. Also,

customers who self-generate will pay significant taxes for the required equipment and construction of their systems.

The long-range implications would likely result in more customers choosing to install generation equipment and interconnect with their retail electric supplier as customer-generators which could bring up retail electric supplier's costs, which could eventually result in slightly higher rates for the general body of ratepayers. The estimated net effect on the Public Service Commission Fund, Federal Funds, and Local Funds is \$0.

Public comments and other input

No proponent or opponent submitted a proposed statement of fiscal impact.

Fiscal Note Summary

There appears to be no direct fiscal impact on state and local governments. The indirect fiscal impact on state and local governments, if any, is unknown.