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MAR 06 2018

STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURIJAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

March 6, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101RE: Petition approval request from James Owen regarding a proposed statutory amendment to
Chapter 393, version 3 (2018-360)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of
Missouri filed by James Owen on March 5, 2018.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,

A handwritten signature in cursive script that reads "John R. Ashcroft".

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

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 John R. (Jay) Ashcroft, 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 6th day of November, 2018, 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.

(Official Ballot Title)

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MO. SECRETARY OF STATE

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 (Street) (City, Town or Village) | ZIP CODE | CONGR. DIST. | NAME (Printed or Typed) |
|---------------------|----------------|---|-------------|-----------------|----------------------------|
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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 _____.

Signature of Affiant (Person obtaining signatures) (Printed Name of Affiant) Address of Affiant

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

Signature of Notary Address of Notary

Notary Public (Seal) My commission expires _____

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

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

- (1) "Commission", the public service commission;
- (2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;
- (3) "Electric utility", any electrical corporation as defined by section 386.020;
- (4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and
- (5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

- (1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;
- (2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;
- (3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; [and]
- (4) No less than forty percent for calendar years 2030 through 2034; and

[4)] (5) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

- (1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this 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 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to 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, 2013] November 6, 2018, shall be invalid and void.