

FIRST REGULAR SESSION

HOUSE BILL NO. 784

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KORMAN.

1626H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 393, RSMo, by adding thereto six new sections relating to electrical corporation resource plans.

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

Section A. Chapter 393, RSMo, is amended by adding thereto six new sections, to be
2 known as sections 393.1300, 393.1305, 393.1310, 393.1315, 393.1320, and 393.1325, to read
3 as follows:

2 **393.1300. Sections 393.1300 to 393.1325 shall be known and may be cited as the**
2 **"Competitive Energy for Missouri Jobs Act".**

2 **393.1305. As used in sections 393.1300 to 393.1325, the following terms shall mean:**

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

3 (2) **"Electrical corporation" shall have the same meaning as used in section**
4 **386.020;**

5 (3) **"Request for proposals", a document in which an electrical corporation**
6 **publishes the price and nonprice attributes of its next supply-side resource in order to**
7 **solicit and screen, for potential subsequent contract negotiations, competitive pricing**
8 **proposals for the acquisition or construction of the electrical corporation's next supply-side**
9 **resource;**

10 (4) **"Request for proposals bid", a sealed document submitted by an electrical**
11 **corporation, person, or private entity to an independent evaluation that offers to acquire**
12 **or construct the electrical corporation's next supply-side resource for a price;**

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.

13 (5) "Resource plan", an electrical corporation's particular combination of demand-
14 side and supply-side resources to be acquired according to a specified schedule over the
15 planning horizon;

16 (6) "Stakeholder", staff of the Missouri public service commission, the office of the
17 public counsel, and any person or entity that has been granted intervention in a prior
18 electrical corporation resource planning proceeding of the electrical corporation, or any
19 person or entity that applies to the commission and is granted intervention in an electrical
20 corporation resource planning proceeding;

21 (7) "Supply-side resource", any device or method that an electrical corporation can
22 reasonably expect to use, develop, implement, or acquire for purposes of providing to its
23 customers an adequate level and quality of electrical power supply. A supply-side resource
24 shall include, but not be limited to:

25 (a) Full or partial ownership of new plants using existing generation technologies;

26 (b) Full or partial ownership of new plants using new generation technologies,
27 including technologies expected to become commercially available within twenty years;

28 (c) Renewable energy resources on the utility-side of the meter, including a wide
29 variety of renewable generation technologies;

30 (d) Technologies for distributed generation;

31 (e) Life extension and refurbishment at existing generating plants;

32 (f) Enhancement of the emission controls at existing or new generating plants;

33 (g) Purchased power from bilateral transactions and from organized capacity and
34 energy markets;

35 (h) Generating plant efficiency improvements which reduce the utility's own use
36 of energy; and

37 (i) Upgrading of the transmission and distribution systems to reduce power and
38 energy losses.

393.1310. 1. The commission shall establish a transparent request for proposals
2 process that will apply to all electrical corporations acquiring or constructing a supply-side
3 resource expected to generate five megawatts of energy or more with contracted terms
4 eighteen months or longer. The request for proposals process established by the
5 commission shall include stakeholder input and shall be complete by August 28, 2016.

6 2. Each electrical corporation in this state shall file a resource plan with the
7 commission every three years. As part of an electrical corporation's resource plan, each
8 electrical corporation shall evaluate supply-side resources. If, according to the electrical
9 corporation's resource plan, the electrical corporation intends to acquire or construct a
10 supply-side resource, the electrical corporation shall issue a request for proposals in

11 accordance with the commission's request for proposals process. The request for proposals
12 shall include:

13 (1) A detailed description of the electrical corporation's next supply-side resource
14 or resources and its proposed location or locations, including the electrical corporations
15 electrical capacity and energy product needs;

16 (2) The megawatt size;

17 (3) The estimated in-service date;

18 (4) The primary and secondary fuel type;

19 (5) An estimate of the fuel cost;

20 (6) An estimate of the total direct cost;

21 (7) An estimate of the annual revenue requirement; and

22 (8) A description of the price and nonprice attributes to be addressed by each
23 proposal including technical and financial viability, plant dispatch capabilities,
24 transmission access, resource diversity, fuel supply deliverability, water supply,
25 environmental compliance and attributes, performance criteria, and pricing structure.

26 3. An electrical corporation may participate in the request for proposals bid
27 process through a self-build option. The self-build option request for proposals bid shall
28 be evaluated by the independent evaluator in the same manner as all other request for
29 proposals bids.

30 393.1315. 1. The evaluation of the request for proposals bids shall be performed
2 by an independent evaluator. The independent evaluator shall be chosen by a separate
3 request for proposals process. The commission staff shall oversee the independent
4 evaluator and the independent evaluator shall serve as a liaison to both the commission and
5 the commission staff. The commission staff shall have access to all information handled
6 by the independent evaluator. The independent evaluator shall be paid by the electrical
7 corporation submitting the request for proposals.

8 2. The independent evaluator shall enter into an agreement with the commission
9 that requires the evaluator to:

10 (1) Keep all pricing and other proprietary commercial information submitted by
11 bidders or the electrical corporation in conjunction with the request for proposals process
12 confidential to ensure the integrity of the bidding process;

13 (2) Develop and maintain a transparent process for the evaluation of request for
14 proposal bids received, including the use of any models, analytical tools, data, or other
15 materials that would impact the status of bids received;

16 **(3) Remain in force through the conclusion of the request for proposals process or**
17 **until a contract is executed between the successful request for proposals bidder and the**
18 **electrical corporation; and**

19 **(4) Stipulate dispute resolution mechanisms for various stages in the request for**
20 **proposals process, including those between the electrical corporation and the independent**
21 **evaluator.**

393.1320. 1. An electrical corporation's costs incurred due to the request for
2 **proposals process and the acquisition or construction of a new supply-side resource shall**
3 **be presumed reasonable and prudent.**

4 **2. The commission may deny cost recovery by an electrical corporation in the event**
5 **of imprudence in the request for proposals process, including failure to comply with**
6 **sections 393.1300 to 393.1325, the request for proposals process established by the**
7 **commission, or the failure to ensure a reasonably competitive request for proposals**
8 **process.**

9 **3. An electrical corporation may not recover from ratepayers any costs incurred**
10 **by the electrical corporation with a self-build option that exceeds the self-build costs**
11 **proposed in the request for proposals bid.**

393.1325. The commission shall promulgate rules to carry out the purposes of
2 **sections 393.1300 to 393.1320. Any rule or portion of a rule, as that term is defined in**
3 **section 536.010, that is created under the authority delegated in this section shall become**
4 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**
5 **if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any**
6 **of the powers vested with the general assembly pursuant to chapter 536 to review, to delay**
7 **the effective date, or to disapprove and annul a rule are subsequently held**
8 **unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted**
9 **after August 28, 2015, shall be invalid and void.**

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