

SECOND REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 829

102ND GENERAL ASSEMBLY

3933S.03C

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 386.895, RSMo, and to enact in lieu thereof one new section relating to a renewable natural gas program.

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

Section A. Section 386.895, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 386.895,
3 to read as follows:

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

3 (1) "Biogas", a mixture of carbon dioxide and
4 hydrocarbons, primarily methane gas, released from the
5 biological decomposition of organic materials;

6 (2) "Biomass", has the meaning given the term
7 "qualified biomass" in section 142.028;

8 (3) "Gas corporation", the same as defined in section
9 386.020;

10 (4) "Qualified investment", any capital investment in
11 renewable natural gas infrastructure incurred by a gas
12 corporation for the purpose of providing natural gas service
13 under a renewable natural gas program;

14 (5) "Renewable energy sources", hydroelectric,
15 geothermal, solar photovoltaic, wind, tidal, wave, biomass,
16 or biogas energy sources;

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

17 (6) "Renewable natural gas", any of the following
18 products processed to meet pipeline quality standards or
19 transportation fuel grade requirements:

20 (a) Biogas that is upgraded to meet natural gas
21 pipeline quality standards such that it may blend with, or
22 substitute for, geologic natural gas;

23 (b) Hydrogen gas; or

24 (c) Methane gas derived from any combination of:

25 a. Biogas;

26 b. Hydrogen gas or carbon oxides derived from
27 renewable energy sources; or

28 c. Waste carbon dioxide;

29 (7) "Renewable natural gas infrastructure", all
30 equipment and facilities for the production, processing,
31 pipeline interconnection, and distribution of renewable
32 natural gas to be furnished to Missouri customers.

33 2. **No later than July 1, 2025**, the commission shall
34 adopt rules **[for] permitting** gas corporations **to voluntarily**
35 **institute a [to offer a voluntary]** renewable natural gas
36 program. Rules adopted by the commission under this section
37 shall **be limited to [include]**:

38 (1) Rules for reporting requirements; **[and]**

39 (2) **Rules for establishing a process for gas**
40 **corporations to submit filings pursuant to the renewable**
41 **natural gas program;**

42 (3) Rules for establishing a process for gas
43 corporations to fully recover incurred costs that are
44 prudent, just, and reasonable associated with a renewable
45 natural gas program. Such recovery shall not be permitted
46 until the project is operational and produces renewable
47 natural gas for customer use; **and**

48 (4) The public service commission may promulgate rules
49 limited to its rulemaking authority under this subsection.
50 Any rule or portion of a rule, as that term is defined in
51 section 536.010, that is created under the authority
52 delegated in this section shall become effective only if it
53 complies with and is subject to all of the provisions of
54 chapter 536 and, if applicable, section 536.028. This
55 section and chapter 536 are nonseverable and if any of the
56 powers vested with the general assembly pursuant to chapter
57 536 to review, to delay the effective date, or to disapprove
58 and annul a rule are subsequently held unconstitutional,
59 then the grant of rulemaking authority and any rule proposed
60 or adopted after August 28, 2024, shall be invalid and void.

61 3. A filing by a gas corporation pursuant to the
62 renewable natural gas program created in subsection 2 of
63 this section shall include, but is not limited to:

64 (1) A proposal to procure a total volume of renewable
65 natural gas over a specific period; [and]

66 (2) Identification of the qualified investments that
67 the gas corporation may make in renewable natural gas
68 infrastructure. **A qualified investment shall be deemed**
69 **prudent for any gas corporation when the aggregate of such**
70 **qualified investments does not exceed:**

71 (a) Five percent of such gas corporation's net plant
72 as reported in the gas corporation's most recent annual
73 report to the commission for any gas corporation with more
74 than twenty-five thousand customers in Missouri; or

75 (b) Seven and one-half percent of such gas
76 corporation's net plant as reported in the gas corporation's
77 most recent annual report to the commission for any gas
78 corporation with fewer than twenty-five thousand customers
79 in Missouri.

80 The qualified investment allowed under this section shall
81 apply to a gas corporation's combined gas utility operations
82 and gas service areas located in the state of Missouri. All
83 costs incurred for qualified investments must also be
84 reasonable to be deemed prudent by the commission; and

85 (3) A timeline for the investment and completion of
86 the proposed renewable natural gas infrastructure.

87 4. A gas corporation may from time to time revise the
88 filing submitted to the commission under this section no
89 more than one time per year.

90 5. Any costs incurred by a gas corporation for a
91 qualified investment that are prudent, just, and reasonable
92 may be recovered by means of an automatic rate adjustment
93 clause.

94 6. The commission shall issue a decision on any filing
95 made by a gas corporation under this section within ninety
96 days of submission when such filing is for a project with an
97 aggregate cost of less than five million dollars. When this
98 section is applicable the commission may exercise the right
99 to extend the review period thirty additional days no more
100 than two times for a total additional review time of sixty
101 days for good cause.

102 [6.] 7. When a gas corporation makes a qualified
103 investment in the production of renewable natural gas, the
104 costs associated with such qualified investment shall
105 include the cost of capital established by the commission in
106 the gas corporation's most recent general rate case.

107 [7.] 8. On or before January 1, [2023] 2026, the
108 division of energy within the department of natural
109 resources shall provide to the chair of the public service
110 commission, the speaker of the house of representatives, the
111 president pro tempore of the senate, the chair of the senate

112 committee on commerce, consumer protection, energy, and the
113 environment, and the chair of the house of representatives
114 utility committee, a report on the renewable natural gas
115 program established under this section. Such report shall
116 include, but not be limited to, the following:

117 (1) The number of projects submitted for the renewable
118 natural gas program and the number of projects approved for
119 the renewable natural gas program;

120 (2) The number of projects that are operational, and
121 the costs, projected and actual, of such projects and other
122 key metrics the division of energy deems important;

123 (3) The volume of renewable natural gas produced in
124 the state through projects that were approved by the
125 renewable natural gas program as well as the percentage of
126 renewable natural gas produced in relation to the total
127 volume of natural gas sold in the state;

128 (4) The environmental benefits of renewable natural
129 gas, including but not limited to greenhouse gas reduction
130 as a result of the production of renewable natural gas;

131 (5) The economic benefits of the renewable natural gas
132 program, including but not limited to local employment,
133 value-added production for the agricultural sector, and
134 other economic development; and

135 (6) Any economic benefits or other costs to ratepayers.

136 [8.] 9. Rules adopted by the commission under this
137 section shall not prohibit an affiliate of a gas corporation
138 from making a capital investment in a biogas production
139 project if the affiliate is not a public utility as defined
140 in section 386.020.

141 [9. The public service commission may promulgate rules
142 to implement the provisions of this section. Any rule or
143 portion of a rule, as that term is defined in section

144 536.010, that is created under the authority delegated in
145 this section shall become effective only if it complies with
146 and is subject to all of the provisions of chapter 536 and,
147 if applicable, section 536.028. This section and chapter
148 536 are nonseverable and if any of the powers vested with
149 the general assembly pursuant to chapter 536 to review, to
150 delay the effective date, or to disapprove and annul a rule
151 are subsequently held unconstitutional, then the grant of
152 rulemaking authority and any rule proposed or adopted after
153 August 28, 2021, shall be invalid and void.]

154 10. Pursuant to section 23.253 of the Missouri sunset
155 act, this section and any rules enacted under this section
156 shall expire nine years from the date the **commission**
157 **promulgates rules to implement the** renewable natural gas
158 program [is established], unless reauthorized by the general
159 assembly; provided that any rate adjustment authorized by
160 this section shall continue so long as the renewable natural
161 gas program remains in operation and produces renewable
162 natural gas for customer use.

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