

Missouri's Renewable Energy Standard: Past, Present, and Future



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Overview

- Legislative Pathways to Renewable Energy
 - Green Power Initiative
 - Renewable Energy Standard (Prop C)
- Public Service Commission Rulemaking
- Litigation

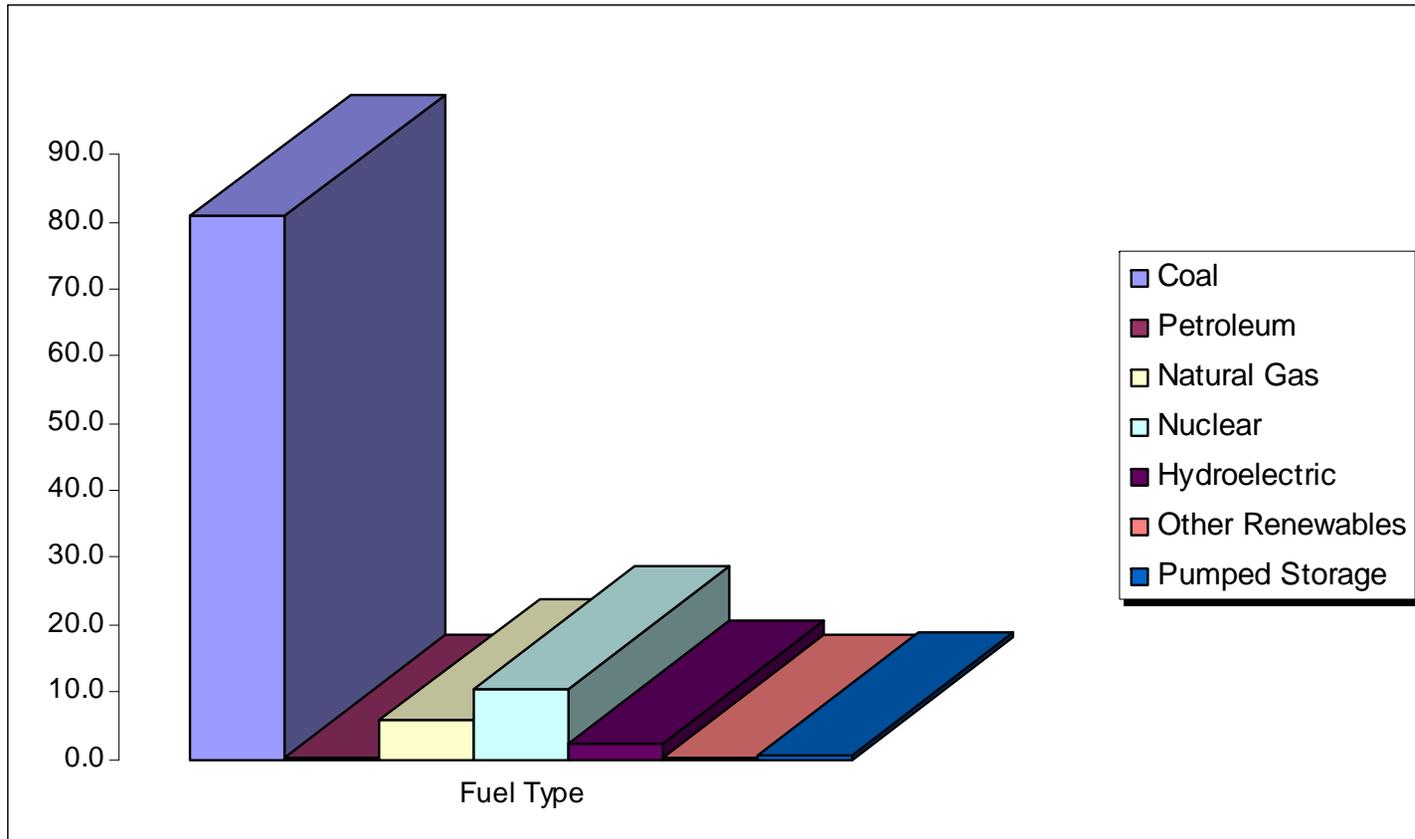
Overview

- Two Paths to Enact a Statute
- Promulgation of Administrative Rules
- The Legislature versus the Executive Branch (JCAR)
- The Constitution (US and MO)
- Public Policy

Renewable Energy: Why

- Environmental Benefits
- Economic Development Benefits
- Reduce Dependence on Foreign Sources of Fossil Fuels

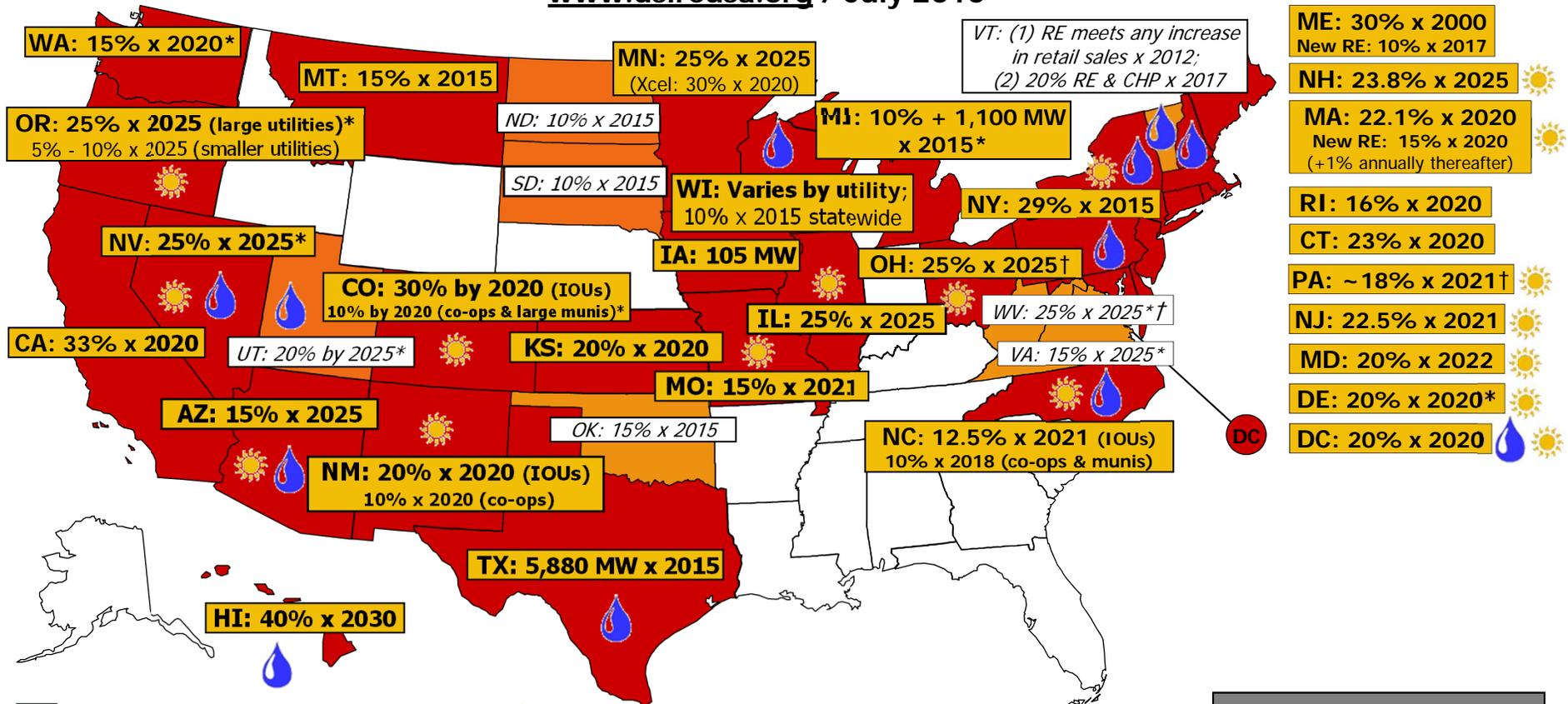
PERCENTAGE OF FUEL TYPES



Wind, Solar and Geothermal comprise .2% of the total energy consumed in Missouri in 2008. Source: *United States Department of Energy, Energy Information Administration, State Energy Data 2008: Generation*

Renewable Portfolio Standards

www.dsireusa.org / July 2010



- State renewable portfolio standard
- State renewable portfolio goal
- 💧 Solar water heating eligible

- ☀️ Minimum solar or customer-sited requirement
- ✳️ Extra credit for solar or customer-sited renewables
- † Includes non-renewable alternative resources

29 states + DC have an RPS
(7 states have goals)

Legislative Paths to Renewable Energy

- In 2007, the Missouri General Assembly passed and the Governor signed into law, Missouri's Green Power Initiative.
- The Green Power Initiative provided that every electric corporation shall make a *good faith effort* to generate or procure electricity generated from renewable energy resources to meet the following:
 - 2012 = 4%
 - 2015 = 8%
 - 2020 = 11%

Legislative Paths to Renewable Energy

- In 2008, the citizens of the State of Missouri adopted by initiative petition, commonly referred to as Proposition C, an amendment that established Missouri's Renewable Energy Standard.
- Renewable Energy requirements to be generated or purchased:
 - 2011 to 2013 = No less than 2%
 - 2014 to 2017 = No less than 5%
 - 2018 to 2020 = No less than 10%
 - 2021 and beyond = No less than 15%

Missouri's Renewable Energy Standard

- What is a renewable energy resource?
 - Wind
 - Solar thermal
 - Photovoltaic cells/panels
 - Dedicated Crops
 - 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
 - Hydropower (not including pumped storage) less than 10 MW
 - Hydrogen fuel cells
 - Other resources not including nuclear that become available at a later date and that are approved by the Department of Natural Resources

Missouri's Renewable Energy Standard

- Two percent of the RES requirements must come from solar energy.
- Each electric utility (with, maybe, one exception) must make available to its customers a rebate of at least two dollars for each installed watt for solar electric systems sited on the customer's premises.
- Compliance with RES requirements can be accomplished through the purchasing of Renewable Energy Credits (RECs). A REC is a tradeable certificate of proof that one MWh of electricity has been generated from renewable energy sources.
- The use of RECs gives rise to other complicated issues: Where is the renewable energy generated? Does the energy have to be sold to Missouri consumers? Is the REC divisible from the energy associated with it?
- Hydropower (not including pumped storage) less than 10MW. What Facilities Count?

Missouri's Renewable Energy Standard

- The Commission is required to promulgate rules setting forth the various requirements for all electric utilities to generate or purchase electricity generated from renewable resources.
- The rulemaking process lead to legal challenges and to difficult decision making around important public policy considerations.

Missouri's Renewable Energy Standard

- “Geographic Sourcing”
 - Renewable Energy Credits may be used to comply with the RES so long as the energy associated with those RECs is “sold to” Missouri consumers.
- Retail Rate Impact
 - The cost of compliance may not increase retail rates by more than one percent.
- Hydropower Less than 10 MW: What Facilities Qualify?

Litigation

- Geographic Sourcing
- One Percent Rate Cap Language
- Constitutional Challenges
 - United States Constitution
 - Commerce Clause
 - Missouri Constitution
 - Takings Clause
 - Due Process

Conclusion

- Good Public Policy ...(?)
- Obstacles to Good Public Policy
- From the Green Power Initiative to the Court of Appeals
- Where Do We Go From Here?

Questions?



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