

HCS HB 1305 -- ENVIRONMENTAL STANDARDS

SPONSOR: Holsman (Berry)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Renewable Energy by a vote of 6 to 4.

This substitute changes the laws regarding environmental standards. In its main provisions, the substitute:

(1) Establishes requirements for environmentally sustainable construction for state-funded buildings whose construction and maintenance is regulated by the Office of Administration. All major state-funded facility projects are required to be designed, constructed, and at least certified as receiving two globes using the Green Globes Rating System or the silver standard as established by Leadership in Energy and Environmental Design (LEED). It defines "major facility project" as a state-funded new construction project with more than 5,000 square footage, a renovation project involving more than 50% of the square footage or occupancy displacement, or a commercial interior fit-out project with more than 7,000 square feet of leasable area, and exempts a correctional facility constructed for the department of Corrections or Mental Health and certain buildings that do not have air conditioning. The substitute specifies that a project certified as receiving two globes must earn at least 20% of the available points for energy consumption and a project certified as meeting the LEED Silver standard must reduce energy use by 24% over certain professional standards for new buildings and 20% for existing buildings. The Office of Administration may waive these requirements if costs to meet these requirements are not economically feasible, and allows the Office of Administration to petition the General Assembly to require all major facility projects to be certified to a high-performance building rating system standard in addition to or in lieu of the systems in these provisions. Any alternate rating system adopted by the General Assembly cannot be less stringent than the systems in the provisions of the substitute. All major facility projects which were certified at the LEED Silver or two globes standard or higher to be inspected by a third-party commissioning agent and requires the agent to report his or her findings to the Office of Administration and the department or departments occupying the facility. The Office of Administration must develop and implement a process to monitor and evaluate the energy and environmental benefits of each project. Qualified existing facilities must meet the energy performance goals of the Energy Star Program and try to earn an energy star rating of 70 within certain periods of time as specified in the substitute. The Office of Administration must submit a report regarding major facility projects and Energy Star data of qualified existing

buildings to the House of Representatives and the Senate committees on energy and environment;

(2) Requires all public elementary and high school districts to conduct a professional energy audit and report the results to the Office of Administration. Each year, until all school districts have been audited, 20% of the districts as determined by the Office of Administration must have a professional audit performed. School districts may pay for an audit using contract negotiations under Section 8.231, RSMo, or from the newly created Energy Audit Fund which will consist of moneys subject to appropriation by the General Assembly. Years in which a school is not required to have a professional audit, it must conduct a self audit using programs offered by Energy Star via its Internet website. The Office of Administration may waive audit requirements if funding is not available or for new buildings less than five years old; and

(3) Changes the laws regarding the Net Metering and Easy Connection Act by allowing a customer-generator with a capacity of up to 250 kilowatts to participate. Currently, a customer-generator can participate if he or she has a system with a generating capacity of up to 100 kilowatts. The customer's electric generation capacity must not exceed 100% of the customer's own electrical energy requirements in order to participate in the program. Currently, the customer-generator is to be credited an amount at least equal to the avoided fuel cost of the excess kilowatt-hours generated during the billing period with this credit applied to the following billing period. The substitute allows all excess energy, expressed in kilowatt hours, to be credited to the following billing period with any excess credits carried forward to subsequent billing periods. Retail electric suppliers can recover costs incurred through this program in a general rate case or outside a general rate proceeding. The cost recovery must be reviewed by the Missouri Public Service Commission at the next general rate case and, if recovery is disallowed, the commission must order the retail electric supplier to offset the disallowed amount from its rate structure.

The provisions of the substitute regarding professional energy audits of schools expire six years after the effective date.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of \$186,792 to Unknown in FY 2013, \$226,527 to Unknown exceeding \$1,000,000 in FY 2014, and \$228,931 to Unknown exceeding \$1,000,000 in FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPONENTS: Supporters say that the bill will allow more

customers to produce solar energy and "bank" it to help them offset electrical costs. Missouri has a growing solar energy industry with more than 30 companies providing services in the state. The bill will help the transition to solar energy production which will eventually be a very cost effective source of energy.

Testifying for the bill were Representative Berry; Missouri Retailers Association; Susan Brown; Wendy Shoemeyer, Missouri Solar Energy Association; and Richard Schusler, Green Building Council.

OPPONENTS: Those who oppose the bill say that managing power loads using solar energy is often difficult and utilities have fixed costs for maintaining the electrical grid. All customers must make use of base load power produced primarily from coal. The bill could result in increased costs to utilities and higher customer electricity rates. Net metering should be restricted to help smaller customers with energy costs, not allow industrial users to offset all costs without paying anything to electric utilities for maintaining the grid.

Testifying against the bill were Missouri Energy Development Association; Missouri Association of Municipal Utilities; Association of Missouri Electric Cooperatives; and Henry Rentz.