SENATE BILL 564 & HOUSE BILL 2265

Senate Bill 564, commonly referred to as “The Grid Modernization Act”, sponsored by Commerce, Consumer Protection, Energy and the Environment Chairman Ed Emery (R, Lamar), is a massive piece of electric utility legislation that will give Missouri’s investor-owned electric utilities (namely Empire Electric, Ameren Missouri, KCP&L and KCP&L GMO) easier access to capital for the purpose of modernizing Missouri’s aging electric grid. Proponents of the legislation, primarily the investor-owned utilities as well as groups who routinely advocate for utility-backed legislation, say the purportedly “capped” rate increases of roughly three percent each year offer long-term price consistency to ratepayers and guarantee more reliable electric service.

Opponents of the bill, primarily consumer advocacy groups and industrial consumers, argue that the bill is designed to avoid scrutiny from the Public Service Commission, the state regulatory body for utilities. These groups argue that the legislation would allow electric utilities to raise rates higher and faster that the law currently allows. In a scathing critique of the legislation, Senator Doug Libla (R, Poplar Bluff) called the bill a utility “bank account maximization” measure that guarantees more money for utilities but doesn’t guarantee customers the upgrades that supporters tout.

If this legislation passes, the next five to ten years of utility ratemaking will be very different from the past. Currently, when utilities make investments such as new energy generation or grid improvements, they enter rate cases before the Public Service Commission to justify their expenditures and appeal for customer rate increases. Renew Missouri is a consistent intervenor in these cases, where we’ve had great success advocating for renewable energy and energy efficiency programs. This legislation would allow utilities to avoid this process and be less accountable to regulators.

During floor debate, Senator Jason Holsman (D, Kansas City) introduced two amendments that require utilities to collectively issue $43 million in solar rebates for the next five years and invest $20 million in utility scale solar energy.

The bill also approves utility microgrid pilot projects and electric revenue decoupling, both policies that encourage innovation and clean energy improvements. While Renew Missouri is in support of concepts like solar rebates and investments in utility-scale renewables, these measures are far below the levels we have advocated for this Session and we continue to seek bolstered language to strengthen these renewable commitments.

The House version of the bill, HB 2265, sponsored by Representative TJ Berry (R, Liberty), is widely considered by opponents and Renew Missouri as the worse of the two versions. 2265 increases the amount of money utilities will make, doesn’t include the utility scale solar mandate, and allows a percent of each of the utilities customers to opt-out of smart meter installation for a fee. Additional amendments were added to give preferential treatment to biomass in Renewable Energy Standard compliance and direct the Public Service Commission to develop a nuclear energy requirement for utilities.

Senate bill 564 faced a 25-hour bipartisan filibuster by Senators Libla, Rob Schaa (R, St. Joseph), Gary Romine (R, Farmington) and Chappelle-Nadal (D, St. Louis) but ultimately passed the senate with a vote of 25 to 6 on February 15th. The bill passed the House Utilities committee and is currently awaiting a full House vote. 2265 passed the House with a vote of 110 to 22 on March 15th. It is currently pending a vote in the Senate Commerce, Consumer Protection, Energy and the Environment Committee.