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S.B. 151
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 151's Bill Analysis](#)

Version: As Reported by Senate Public Utilities

Primary Sponsor: Sen. Wilkin

Local Impact Statement Procedure Required: No

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Highlights

- The bill allows retail natural gas suppliers (RNGSs) to offer voluntary carbon offsets to customers. RNGSs choosing to offer offsets must submit notices to the Public Utilities Commission of Ohio (PUCO), including registry agreements, offset types, and procedures to prevent double counting. Programs must allow customers to opt-in and opt-out and cannot impose costs on natural gas companies or nonparticipating customers.
- Nonparticipating state and local governments are not expected to incur revenue losses from the bill, with minimal cost to PUCO from administrative processing requirements.

Detailed Analysis

The bill provides the opportunity for retail natural gas suppliers (RNGSs) to offer carbon offsets to customers, on a voluntary basis, to counter the greenhouse gas emissions resulting from their usage of natural gas. A single carbon offset in the bill represents one ton of greenhouse gas removed from the atmosphere by any method.

The Public Utilities Commission of Ohio (PUCO) is required under the bill to approve all applications to implement voluntary carbon offset programs by RNGSs as long as it is confirmed that the RNGS is working with a nationally recognized carbon offset registry which conducts regular verification checks to ensure offsets are applied correctly. Each application must also describe the types of offsets offered and the methods used to prevent double counting.

Under the bill, carbon offset programs must include procedures allowing customers to opt-in and opt-out of the program. The bill specifies that carbon offset programs cannot impose costs on natural gas companies or customers who do not participate in the program. PUCO may, at its discretion, audit a supplier's program to ensure offsets are correctly applied and that costs

are not imposed on nonparticipating customers. RNGSs must provide any information requested by the Commission to complete the audit.

The bill is not anticipated to create revenue loss for nonparticipating state and local governments. Minimal cost to PUCO is expected from the administrative processing of applications for carbon offset programs by RNGSs.

Background

Similar programs already exist in nearby states. Dominion Energy, for instance, which operates in Ohio as well as some neighboring states, offers a comparable carbon offset program to residential and commercial natural gas customers in South Carolina.¹ Projects offered to offset carbon emissions through the program include forest conservation efforts and landfill gas capture and reuse operations. The company reports the entire carbon footprint of the typical residential natural gas customer may be offset for \$12 per month. An application for an analogous voluntary carbon offset program was submitted to PUCO by the Ohio subsidiary of Dominion Energy in March 2022, with an outcome still pending.² However, the company seeks to offer a nontariffed program that is governed by agreement between Dominion Energy Ohio and participating suppliers or governmental aggregators. If approved, RNGSs would be able to provide carbon offsets to customers.

Columbia Gas of Ohio, Inc. previously submitted a rate increase application with PUCO, which contained among other things, a request to implement a “carbon reduction rider.” Under the proposal, Columbia would begin purchasing carbon offsets on behalf of customers through the addition of a voluntary carbon reduction rider; the proposed rate was \$5 per month.³ The Commission’s staff report covering the request was supportive of the carbon offset program in concept but did not believe an additional rider was necessary; instead, PUCO staff recommended Columbia implement the program as a nonregulated service under an “optional services” tariff.⁴ Columbia later agreed to withdraw its proposal to implement the carbon reduction rider, and it further agreed not to seek PUCO approval of a similar rider prior to the filing of Columbia’s next base distribution rate case unless the Commission orders otherwise.

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¹ [Dominion Energy Natural Gas Carbon Offset Program](#).

² Dominion Energy Ohio: PUCO [application](#) from March 2022.

³ Columbia Gas of Ohio, Inc.: PUCO [application](#) from May 2021.

⁴ Columbia Gas of Ohio, Inc.: PUCO [staff report](#) from April 2022.