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H.B. 303
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by House Energy

Primary Sponsors: Reps. Ray and Hoops

Local Impact Statement Procedure Required: No

Kyuhan Choi, Economist

Highlights

- The bill establishes a Community Energy Pilot Program, requires the Public Utilities Commission of Ohio (PUCO) to certify and oversee community energy facilities, ensures subscriber bill credits, and mandates administrative and reporting duties, which are expected to increase PUCO's administrative costs.

Detailed Analysis

The bill requires the Public Utilities Commission of Ohio (PUCO) to establish a Community Energy Pilot Program ("Pilot Program") consisting of 1,500 megawatts (MWs) of community energy facilities (CEFs) to be implemented throughout Ohio. Under the bill, large industrial customers and mercantile customers are prohibited from subscribing to CEFs. It also prohibits an electric distribution utility (EDU) from discriminating against CEFs or their subscribers, including imposing extraordinary fees and charges not applied to similar facilities. Residential and commercial customers who do not participate in the Pilot Program must not be charged for any costs related to the Pilot Program.

The bill defines a CEF as a single facility that generates electricity by means of a solar photovoltaic device, or uses as its fuel either solar, wind, biomass, landfill gas, or hydroelectric power, or uses a microturbine, natural gas-fired generator, energy storage system, or a fuel cell and meets certain other requirements. The bill requires PUCO to annually certify 250 MWs of CEFs, based on nameplate capacity, until 1,000 MWs from such facilities are certified, and must be allocated proportionally based on the size of each EDU's retail electric sales published by the U.S. Energy Information Administration. Additionally, 500 MWs are specifically allocated for CEFs constructed exclusively on distressed sites or on commercial or public sector rooftops. A CEF must have a nameplate capacity of 10 MWs or less, or 20 MWs or less if the facility is on a distressed site or one or more commercial or public sector rooftops, as measured at the point of interconnection.

The bill requires a subscriber of a CEF to be eligible for a bill credit (the monetary value approved or revised by PUCO for each kilowatt hour of electricity generated by a CEF) from the subscriber's EDU for the proportional output of a CEF attributable to the subscriber. PUCO must set the credit equal to the EDU's retail rate (generation, transmission, and distribution), minus certain approved distribution charges. EDUs must file tariffs reflecting the initial credit within nine months of the bill's effective date.

The bill further allows for a community energy organization (CEO) to account for unsubscribed electricity on a monthly basis and accumulate bill credits for the unsubscribed electricity for a period up to 12 months after it was generated. Bill credits for unsubscribed electricity must be allocated to future subscribers at the CEO's direction.

The bill grants PUCO exclusive jurisdiction over the regulation of the interconnection of CEFs to electric utilities' distribution systems. It prohibits a board of county commissioners, township trustees, or the legislative authority of a municipal corporation from adopting or enforcing regulations governing the technical requirements, processes, or costs of interconnection for a CEF. Counties, townships, and municipal corporations still retain all zoning authority over "small wind farms" and "small solar farms," which is not affected by the bill.

Fiscal effect

The bill requires PUCO to promulgate and administer rules regarding the establishment of the Pilot Program within 12 months of the effective date of the bill. It also requires PUCO to convene and facilitate an ongoing stakeholder working group to assist PUCO staff with effectively and efficiently promulgating rules for the Pilot Program. Four years following the establishment of such rules, PUCO is required to conduct a review of the program and present a report of its findings at a hearing before the appropriate House and Senate committees. Under provisions of the bill, PUCO may certify over 100 CEFs.

The bill grants PUCO exclusive jurisdiction over the interconnection of CEFs to electric utilities' distribution systems and requires CEOs to decommission CEFs that have ceased generating electricity, providing a bond obligated to the local board of county commissioners as financial assurances. Increased administrative costs to PUCO from requirements in the bill are expected. However, it is uncertain whether these new duties could be handled by existing staff. Any additional costs would likely be paid from PUCO's largest operating expense appropriation line item, Dedicated Purpose Fund (DPF) line item 870622, Utility and Railroad Regulation.

Minimal costs are expected from the provision in the bill requiring the Department of Development to promulgate rules to award grants to eligible CEFs under the Brownfield Remediation Program. The grants and associated administrative costs from the provision of such awards are paid from DPF line item 1956A2, Brownfield Remediation.

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