



# Ohio Legislative Service Commission

## Bill Analysis

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### **S.B. 242**

129th General Assembly  
(As Introduced)

**Sens.** Patton, Seitz

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## **BILL SUMMARY**

- Specifies that, for the purposes of receiving renewable energy credits, renewable energy resources do not have to be converted to electricity.
- Requires that Public Utilities Commission rules must specify the quantity of energy derived from a renewable energy resource that is equal to one megawatt hour of electricity.

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## **CONTENT AND OPERATION**

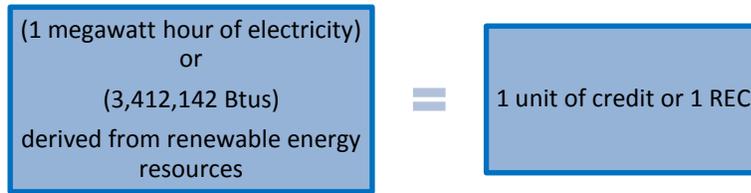
### **Renewable energy credits**

#### **The bill**

The bill expands what is eligible for receiving a renewable energy credit (REC) by specifying that renewable energy resources do not have to be converted to electricity for purposes of receiving RECs. The bill also requires that the Public Utilities Commission (PUCO) rules must specify the quantity of energy derived from a renewable energy resource that is equal to one megawatt hour of electricity and must include the specification that one megawatt hour equals 3,412,142 British thermal units (Btus).<sup>1</sup>

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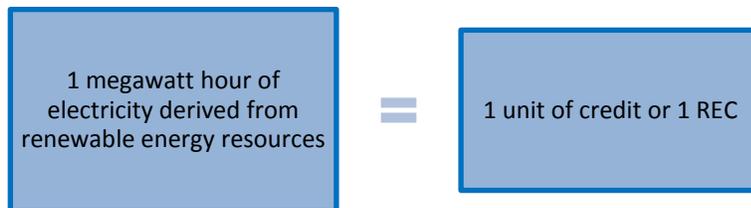
<sup>1</sup> R.C. 4928.65.



The constant used as the thermal conversion factor for electricity retail sales and electricity imports and exports is 3,412 Btus/kilowatt hour, which is a measure of the heat content of electricity. Heat content is the amount of energy available to be released by the transformation or use of a specified physical unit of an energy form and is commonly expressed in Btus.<sup>2</sup>

### Current law

Under current law, the PUCO must adopt rules that specify that one REC is equal to one megawatt hour of electricity derived from renewable energy resources.



RECs may be used to meet specific renewable energy resource benchmarks established within the alternative energy resource requirements of the competitive retail electric service law.<sup>3</sup>

### Alternative energy resource requirements

Current law requires that by 2025, and thereafter, an electric distribution utility or an electric service company must provide 25% of its electricity supply from alternative energy resources. More specifically, half of that total percentage *must* be from renewable energy and the other half *may* be from advanced energy.

<sup>2</sup> U.S. Energy Information Administration, February 2012 Monthly Energy Review, Table A6. "Approximate Heat Rates for Electricity, and Heat Content for Electricity (Btu per Kilowatthour)," last visited on March 26, 2012, and available at: [www.eia.gov/totalenergy/data/monthly/](http://www.eia.gov/totalenergy/data/monthly/).

<sup>3</sup> R.C. 4928.65.

The requirements also establish specific annual benchmarks for renewable energy resources. Renewable energy resources include such resources as solar photovoltaic or solar thermal energy, wind energy, power produced by a hydroelectric facility, geothermal energy, biomass energy, and biologically derived methane gas. Advanced energy resources, which include such resources as clean coal and advanced nuclear energy technology, are not eligible for RECs.<sup>4</sup>

### **Renewable energy credits generally**

RECs (also referred to as renewable energy certificates) are a commodity that may be sold or traded by an entity producing electricity from a renewable energy resource. RECs are used to track the renewable qualities of electricity generated from renewable energy resources, because, once placed on the electric transmission grid, electricity generated from renewable energy resources is indistinguishable from electricity produced from other energy resources. In North America, RECs are tracked from their point of creation to their final point of use by seven major regional REC tracking systems to ensure that RECs are not counted more than once.<sup>5</sup>

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	10-31-11

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<sup>4</sup> R.C. 4928.01 and 4928.64 (not in the bill).

<sup>5</sup> U.S. Department of Energy's Green Power Network web site, last visited March 25, 2012, and available at: <http://apps3.eere.energy.gov/greenpower/markets/certificates.shtml?page=3>.

