Ohio Legislative Service Commission

Bill Analysis

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Sub. S.B. 289

129th General Assembly
(As Passed by the Senate)

Sens. Coley and Schiavoni, Jones, Balderson, Cafaro, Gentile, Bacon, Brown, Manning, Seitz, Turner, Eklund, Lehner, Oelslager, Sawyer, Burke, Faber, Hughes, Niehaus, Patton, Peterson

BILL SUMMARY

- Permits energy produced from cogeneration technology (that is part of a facility located in a county of 365,000 to 370,000 people), for which most of the energy input is from certain waste or byproduct gases, to qualify as a "renewable energy resource" for both of the following:

  (1) Electric alternative energy resource requirements; and

  (2) Advanced energy projects.

CONTENT AND OPERATION

Cogeneration as a "renewable energy resource"

Effectively, the bill permits electric distribution utilities (EDUs) and electric services companies (ESCs) to comply with the renewable-energy portion of Ohio's alternative energy resource requirements (commonly referred to as the renewable energy portfolio standards) with certain cogeneration technology, defined in the bill.[1] The bill also permits the same cogeneration technology to qualify for advanced-energy-project loans and grants.[2] (See "**Background on alternative energy resource requirements and advanced energy projects**.")

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[1] R.C. 4928.01(A)(35), (36), and (37); R.C. 4928.64 (not in the bill).

[2] R.C. 3706.25(C), (D), and (E); R.C. 3706.26 (not in the bill).

The bill accomplishes this by broadening the definition of "renewable energy resource," for purposes of the alternative energy resource requirements and advanced energy projects. Specifically, the bill provides that "renewable energy resource" also includes energy produced by cogeneration technology that is placed into service on or before December 31, 2015, and for which more than 90% of the total annual energy input is from combustion of a waste or byproduct gas from an air contaminant source in Ohio. The bill requires the air contaminant source to have been in operation since on or before January 1, 1985. The bill also specifies that, to be included as a renewable energy resource, the cogeneration technology must be a part of a facility that is located in a county that has a population between 365,000 and 370,000 according to the most recent federal decennial census.

The bill defines "cogeneration technology" as technology that produces electricity and useful thermal output simultaneously. "Air contaminant source" is given the same meaning as in Ohio's air pollution law – an operation or activity that results (or may result) in the emission of an air contaminant. "Air contaminant" is particulate matter, dust, fumes, gas, mist, radionuclides, smoke, vapor, or odorous substances (or any combination of these), except emissions from certain agricultural-production activities.[3]

The bill also aligns the descriptions of "distributed generation system consisting of customer generation," which is an advanced energy resource, with the definition of "cogeneration technology" provided in the bill.[4]

Background on alternative energy resource requirements and advanced energy projects

Alternative, advanced, and renewable energy definitions

"Alternative energy" is a broad term, used to describe both advanced and renewable energy for alternative energy resource requirement purposes.[5] Both terms are also included in the definition of "advanced energy project."[6] "Advanced" and "renewable" are narrower terms that describe specific types of energy resources, detailed in definitions. For purposes of the alternative energy resource requirements and advanced energy projects, advanced energy resources include methods to increase generation of an electric generating facility, advanced nuclear energy, fuel cells, solid waste or construction and demolition debris conversion, and distributed generation

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[3] R.C. 3706.25(C), (D), and (E) and 4928.01(A)(35), (36), and (37); R.C. 3704.01(B) and (C) (not in the bill).

[4] R.C. 3706.25(B)(2) and 4928.01(A)(34)(b).

[5] R.C. 4928.64 (not in the bill).

[6] R.C. 3706.25(A).

systems consisting of customer cogeneration. For purposes of the alternative energy resource requirements only, advanced energy resources also include certain clean-coal technology and demand-side management and energy efficiency improvement.

Under current law governing the alternative energy resource requirements and advanced energy projects, renewable energy resources include any of the following:

- solar photovoltaic or solar thermal energy;
- wind energy;
- power produced by a hydroelectric facility, which facility must meet certain requirements;
- geothermal energy;
- fuel derived from certain solid wastes, through fractionation, biological decomposition, or another process that is not principally combustion;
- biomass energy;
- biologically derived methane gas;
- energy derived from nontreated by-products of the pulping process or wood manufacturing process;
- any fuel cell used in the generation of electricity;
- a wind turbine located in the state's territorial waters of Lake Erie;
- methane gas emitted from an abandoned coal mine;
- a storage facility that promotes the better utilization of a renewable energy resource that primarily generates off peak; or
- a distributed generation system used by a customer to generate electricity from any such energy.[7]

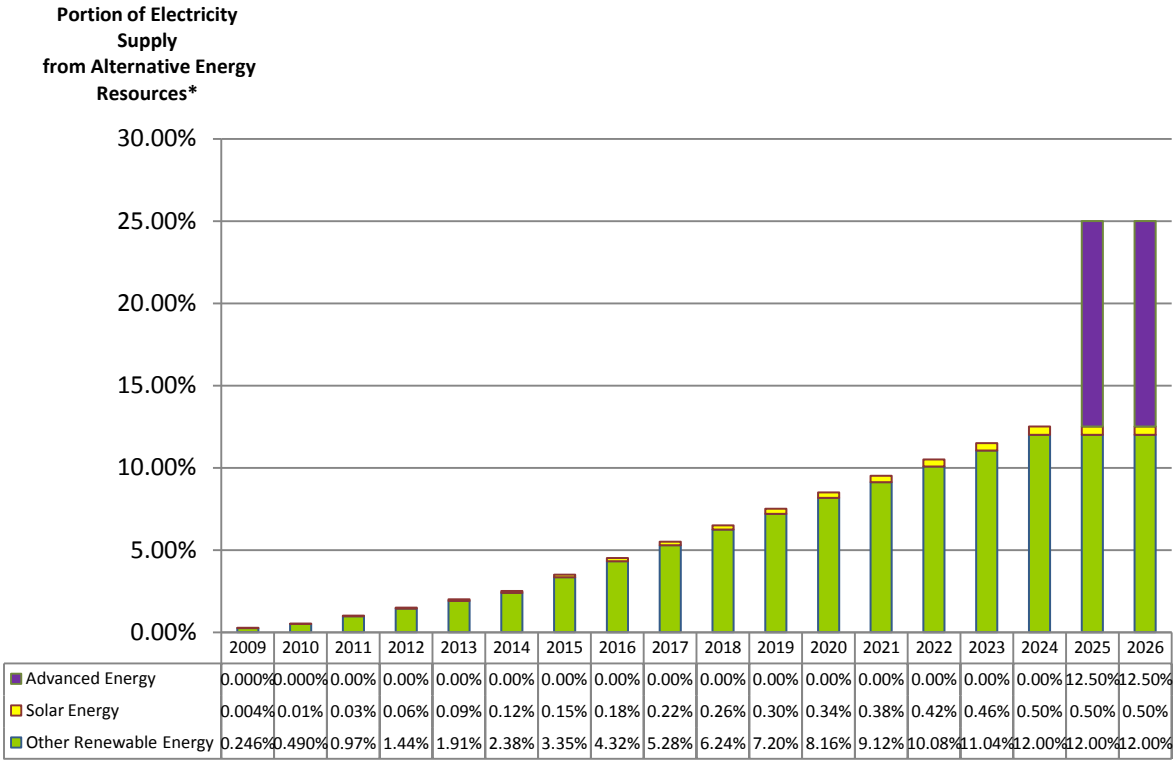
Alternative energy resource requirements

The alternative energy resource requirements provide that by 2025, and thereafter, an EDU or an ESC must provide 25% of its electricity supply from alternative

[7] R.C. 3706.25(B) and (E) and 4928.01(A)(34) and (37).

energy resources. More specifically, half of that total percentage *may* be from advanced energy and the other half *must* be from renewable energy.

The table below lists the annual benchmarks for alternative energy resource requirements.[8]



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Advanced Energy	0.000%	0.000%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	12.50%
Solar Energy	0.004%	0.01%	0.03%	0.06%	0.09%	0.12%	0.15%	0.18%	0.22%	0.26%	0.30%	0.34%	0.38%	0.42%	0.46%	0.50%	0.50%	0.50%
Other Renewable Energy	0.246%	0.490%	0.97%	1.44%	1.91%	2.38%	3.35%	4.32%	5.28%	6.24%	7.20%	8.16%	9.12%	10.08%	11.04%	12.00%	12.00%	12.00%

Year-by-Year Benchmarks for 25% by 2025 Alternative Energy Resource Requirements

*By 2025, half of the electricity supply may be from advanced energy resources.

Advanced energy projects

The Ohio Air Quality Development Authority may, under continuing law, request the Treasurer to issue bonds to provide loans and grants to business and industry in Ohio, government entities and agencies, educational institutions, and research organizations and institutions for acquiring, making, or modifying facilities through advanced energy projects.[9] An advanced energy project must facilitate the generation or use of electricity or energy, reduce (or support the reduction of) energy

[8] R.C. 4928.64 (not in the bill).

[9] R.C. 3706.26 (not in the bill).

consumption, or support the production of clean, renewable energy for various energy users, including *advanced* and *renewable* energy resources.[10]

HISTORY

ACTION	DATE
Introduced	02-02-12
Reported, S. Energy & Public Utilities	03-21-12
Passed Senate (30-3)	03-21-12

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[10] R.C. 3706.25(A).