Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 289 of the 129th G.A. **Date**: March 28, 2012

Status: As Passed by the House **Sponsor**: Sens. Coley and Schiavoni

Local Impact Statement Procedure Required: No

Contents: To classify energy produced by a certain type of cogeneration technology as a renewable energy resource

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

S.B. 289 broadens the definition of "renewable energy resource" to include energy produced by certain types of cogeneration technology placed into service on or before December 31, 2015. The bill defines "cogeneration technology" to mean technology that produces electricity and useful thermal output simultaneously. The bill stipulates that the produced energy must have more than 90% of its total annual energy input from combustion of a waste or byproduct gas from an air contaminant source in this state. The bill further requires that the contaminant source have been in operation since on or before January 1, 1985, and that the cogeneration technology is part of a facility located in a county with a population between 365,000 and 370,000 as measured by the most recent decennial census.

Section 4928.64 of the Revised Code requires electric distribution utilities (EDUs) and electric services companies to comply with alternative energy portfolio standards. According to those standards, such companies must generate at least 1.5% of the total electricity that they supply by the end of 2012 using renewable energy resources. The 1.5% requirement increases to 2.0% by the end of 2013, to 2.5% by the end of 2014, and increases gradually to 12.5% by the end of 2024. In addition, such companies must generate at least 25% of the total electricity they supply by 2025 from alternative energy resources, a term defined to include renewable energy resources.

Fiscal effect

Energy produced from cogeneration technology already qualifies as an advanced energy source, a category that is also included as an alternative energy resource. The restrictions on eligible cogeneration technologies in the bill are significant, such that according to sponsor testimony, the definition applies to a single steelmaking facility, AK Steel, in Butler County, Ohio. Permitting such a narrowly defined energy source produced by cogeneration technology to qualify as a renewable energy resource would not incur a state or local fiscal effect. By giving EDUs and electric services companies another method of complying with renewable energy requirements, the bill increases their production options, such that, if the bill has any effect on electricity prices, it would be to decrease them rather than increase them.

The definitional changes in the bill do not have an effect on a project's eligibility for Ohio Air Quality Development Authority-sponsored loans or grants for advanced energy projects.

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