



# Ohio Legislative Service Commission

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## Bill Analysis

Monica Baker

### **Am. Sub. H.B. 301** 128th General Assembly (As Passed by the House)

**Reps.** Foley, Celeste, Skindell, Hagan, Stewart, Letson, Murray, Harris, Pryor, Yuko, Domenick, Ujvagi, Yates, Harwood, Winburn, S. Williams, Evans, Pillich, Phillips, Brown, Chandler, DeBose, Garland, Luckie, Mallory, Walter, Weddington, B. Williams

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## **BILL SUMMARY**

- Terminates the Advanced Energy Fund revenue rider on retail electric distribution service rates on January 1, 2014 or when the Fund reaches \$115 million, whichever is first, instead of January 1, 2011 or \$100 million.
- Requires the Public Benefits Advisory Board to advise the Director of Development on grant award levels under the Advanced Energy Program.
- Requires the Board to hold public hearings when advising the Director on the administration of the Advanced Energy Program and the Advanced Energy Fund and grant award levels under the Program.
- Requires the Director to determine the amount of the grants awarded under the Advanced Energy Program based on (1) the advice of the Board and (2) the market price of energy.
- Requires the amount of each grant awarded under the Advanced Energy Program to decrease annually in order to enable the Program to fund an increasing number of grants.

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## **CONTENT AND OPERATION**

### **Advanced Energy Fund revenue rider**

The bill extends the termination date of the Advanced Energy Fund revenue rider on retail electric distribution rates to January 1, 2014 or when the Fund reaches

\$115 million, whichever is first.<sup>1</sup> The rider is currently 9¢ per customer per month.<sup>2</sup> The amount of the rider is determined by dividing an aggregate revenue target for a given year as determined by the Director of Development, after consultation with the Public Benefits Advisory Board, by the number of customers of electric distribution utilities in Ohio in the prior year.<sup>3</sup>

Under current law, the rider is to terminate on January 1, 2011, or when the fund reaches \$100 million, whichever is first. Along with certain other revenues, current law also requires the rider revenue to be deposited into the Advanced Energy Fund, which is used for the exclusive purposes of funding the Advanced Energy Program and paying its administrative costs.<sup>4</sup> Under the Advanced Energy Program, which is administered by the Director, Advanced Energy Fund money is used for financial, technical, and related assistance for advanced energy projects in Ohio or for economic development assistance.<sup>5</sup> An advanced energy project is any technology, product, activity, or management practice or strategy that facilitates electricity or energy generation or use and that focuses on energy consumption reductions or clean, renewable energy production.<sup>6</sup> The Director may award such assistance in the form of grants, among other ways.<sup>7</sup>

### **Public Benefits Advisory Board duties relative to the Advanced Energy Program and Advanced Energy Fund**

The bill expands the Public Benefits Advisory Board's current duty of advising the Director on the administration of the Advanced Energy Program and the Advanced Energy Fund to include advising the Director on grant award levels under the Program. The bill requires the Board to hold public hearings when advising the Director on administration and grant award levels. The purpose of the 21-member board in providing advice is to ensure that energy services are provided to low-income

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<sup>1</sup> R.C. 4928.61.

<sup>2</sup> Ohio Department of Development, "Biennium Report to the Ohio General Assembly on the Universal Service Fund and the Advanced Energy Fund: June 2010," *available at* [http://development.ohio.gov/cms/uploadedfiles/Development.ohio.gov/Annual\\_Reports/UniversalServiceFund\\_Report.pdf](http://development.ohio.gov/cms/uploadedfiles/Development.ohio.gov/Annual_Reports/UniversalServiceFund_Report.pdf), last visited December 1, 2010.

<sup>3</sup> R.C. 4928.61.

<sup>4</sup> R.C. 4928.61.

<sup>5</sup> R.C. 4928.62.

<sup>6</sup> R.C. 4928.01.

<sup>7</sup> R.C. 4928.62.

customers in this state in an affordable manner consistent with state electric service policy.<sup>8</sup>

### **Director of Development's determination of grant amounts**

The bill requires the Director to determine the amount of each grant awarded under the Advanced Energy Program based on (1) the advice of the Public Benefits Advisory Board and (2) the market price of energy. In addition, the bill requires each grant to decrease annually in order to enable the Advanced Energy Program to fund an increasing number of grants.<sup>9</sup>

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	10-06-09
Reported, H. Alternative Energy	12-01-10
Passed House (52-44)	12-08-10

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<sup>8</sup> R.C. 4928.58.

<sup>9</sup> R.C. 4928.62.

