



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 204 of the 129th G.A.](#)

Date: May 24, 2011

Status: As Introduced

Sponsor: Rep. Foley

Local Impact Statement Procedure Required: No

Contents: Reestablishes the Advanced Energy Fund rider and makes changes to the use of the Fund

State Fiscal Highlights

- The Advanced Energy Fund (Fund 5M50) would receive new revenue from riders charged to customers of investor-owned electric distribution utilities. The riders would be \$0.10 per month for residential customers, \$0.25 per month for commercial customers, and \$0.50 per month for industrial customers.
- The riders would bring in annual revenue of approximately \$6.2 million if they were charged to the number of customers that would have paid them in 2009.
- The bill requires the Director of Development to award grants from the Advanced Energy Fund based on the market price of energy and the advice of the Public Benefits Advisory Board.
- The bill requires the amount of individual grants to decrease annually in order to accommodate an increasing number of grants over time.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Advanced energy rider

Under current law, the Advanced Energy Fund (Fund 5M50) was supported by a rider on retail electric distribution service rates, which expired on January 1, 2011. The expired rider was set in administrative rules and was required to be a uniform amount statewide, regardless of the class of customer (residential, commercial, or industrial) of an electric distribution utility. The bill reestablishes the rider and sets the amounts to be paid by each class of customer in the Revised Code. The bill requires the rider to be collected by electric distribution utilities and remitted quarterly to the Department of Development for deposit into the Advanced Energy Fund. Finally, the bill exempts municipal electric utilities and electric cooperatives from collecting the rider, effectively limiting it to customers of investor-owned electric utilities.

Under the bill, the rider rates would be set at \$0.10 per month for residential customers, \$0.25 per month for commercial customers, and \$0.50 per month for industrial customers, and collection of the rider would continue until January 1, 2025. At these rates, the total annual cost would be \$1.20 per residential customer, \$3.00 per commercial customer, and \$6.00 per industrial customer. According to data from the U.S. Energy Information Administration, there were approximately 3.9 million residential customers, 494,000 commercial customers, and 17,000 industrial customers of investor-owned electric utilities in Ohio in 2009, the most recent year for which this information is available. If these same customers were charged the riders proposed under the bill, the Advanced Energy Fund would receive approximately \$6.2 million in annual revenue. The table below shows the amount that would be collected by each of the proposed riders using the 2009 customer statistics. However, any actual revenues collected under the bill would depend on the number of customers subject to the rider at the time it is collected.

Estimated Revenues from Advanced Energy Riders as Proposed in H.B. 204				
	Residential	Commercial	Industrial	Total
Number of Customers in 2009	3,850,328	494,162	17,166	4,361,656
Monthly Rider Amount	\$0.10	\$0.25	\$0.50	-
Annual Rider Per Customer	\$1.20	\$3.00	\$6.00	-
Total Annual Revenue	\$4,620,394	\$1,482,486	\$102,996	\$6,205,876

Use of the Advanced Energy Fund

As under current law, the bill requires all revenues to the Advanced Energy Fund to be used for the Advanced Energy Program, which provides financial, technical, and related assistance for eligible advanced energy projects. However, the bill would require the Director of Development to determine the amount of each grant made from the fund based on the market price of energy and the advice of the Public Benefits Advisory Board, and would require individual grant amounts to decrease annually in order to fund an increasing number of grants over time.

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