



3rd DG/CHP Regulatory Workshop: State Regulatory Efforts

The Ohio Grants Program: Bringing Non-Traditional Energy to Traditional Employers

by

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Detroit, Michigan

**OHIO
PUBLIC
UTILITY
REGULATORY**



Background:

Ohio, with a population of approximately 11 million people, is a heavily industrialized State --

- **Ranks 5th in the nation in the consumption of energy;**
- **4th in the use of electricity.**

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On July 6, 1999, Ohio's Governor Bob Taft signed an Electric Industry Restructuring bill into law.

The new law mandated—

- **the Public Utilities Commission of Ohio (PUCO) to develop rules for interconnecting distributed generation, and**
- **the Ohio Department of Development (ODOD) to create a \$15 million/year Energy Efficiency Revolving Loan Fund**

PUCO



PUCO

Under these new legal mandates, a funding source for CHP and DG projects was created by the joint efforts of the PUCO and the ODOD to create--

- Temporary tariff rider on electric bills of customers (currently a tenth of a mil per kWh, approximately 9 cents per month for residential customers)
- \$15 million a year available for loan assistance, total fund \$100 million



ODOD
PUCO

These joint ODOD/PUCO efforts provide a model contribution to --

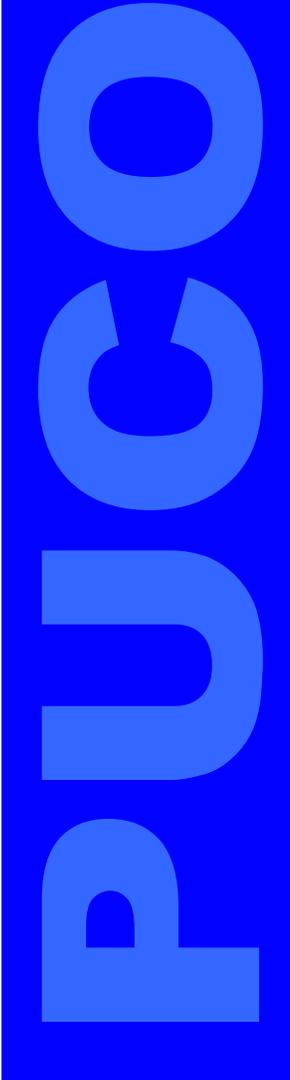
The aims of the “Advanced Energy Agenda” of the Governor’s Jobs Cabinet,* organized to maintain and improve the base of the State’s economy and employment by –

** The Ohio Governor’s “Jobs Cabinet” includes ODOD and the PUCO as well as the Ohio EPA, the Department of Agriculture, the Department of Natural Resources, and the Air Quality Development Authority.*



Aims of the Governor's Jobs Cabinet "Advanced Energy Agenda" (cont'd)

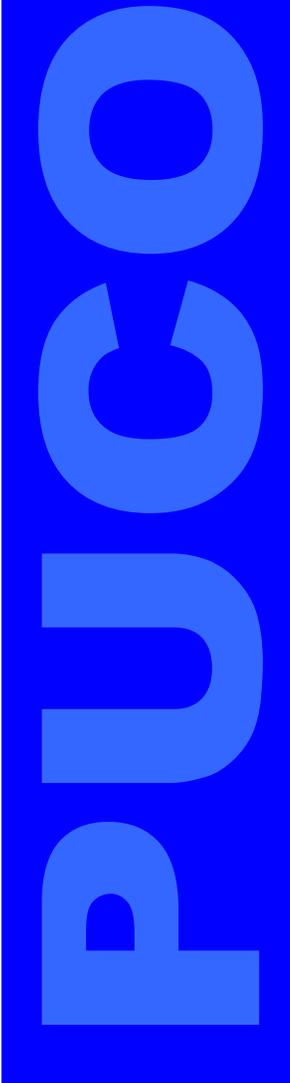
- Supporting essential research, development and deployment of advanced energy sources through competitive grants, and regulatory incentives and improved agency coordination;





Aims of the Governor's Jobs Cabinet "Advanced Energy Agenda" (cont'd)

- Lowering the competitive burden of energy cost and reliability on all Ohio businesses;
- Providing financial incentives for businesses to adopt new energy management and distributed generation technologies, such as combined heat and power units, micro-turbines, reciprocating engine turbines and waste-to-power technologies.





ODOD

Here's how it's being done:

- Using annualized electric utility sales for residential, commercial and industrial customers, collected from Ohio's utility companies on a monthly basis by the PUCO—
- ODOD is able to allocate the \$15 million required for the Revolving Loan Fund by customer class for inclusion by the PUCO in the customers' electric rates.

Tariff Rider Determination							
	A	B	C	D	E	F	G
	Customers	kWh Sales	Revenues \$	Avg Annual Customer Cost	\$15 Million Annual Target	Recommended Rider	Factor
Company A							
Residential	579,094	6,112,875,000	\$ 473,200,000	\$ 3.16	\$ -		
Commercial+Other	63,542	7,123,735,000	\$ 437,873,000	\$ 33.58	\$ -		
Industrial	2,854	3,198,470,000	\$ 151,353,000	\$ 335.73	\$ -		
	645,490	16,435,080,000	\$ 1,062,426,000		\$ 4,923,440	\$ 0.00029957	0.3282
Company B							
Residential	592,824	6,546,141,000	\$ 433,738,000	\$ 3.31	\$ -		
Commercial+Other	84,897	5,133,464,000	\$ 284,762,000	\$ 18.11	\$ -		
Industrial	7,855	20,303,284,000	\$ 674,999,000	\$ 774.31	\$ -		
	685,576	31,982,889,000	\$ 1,393,499,000		\$ 9,581,082	\$ 0.00029957	0.6387
Company C							
Residential	24,531	249,880,000	\$ 16,526,000	\$ 3.05	\$ -		
Commercial+Other	3,155	176,123,000	\$ 10,647,000	\$ 16.72	\$ -		
Industrial	908	1,227,967,000	\$ 36,390,000	\$ 405.13	\$ -		
	28,594	1,653,970,000	\$ 63,563,000		\$ 495,478	\$ 0.00029957	0.0330
Total	1,359,660	50,071,939,000	\$ 2,519,488,000		\$15,000,000		
Source: PUCO, 1999 Data							
Column B: Annual kilowatt-hours sales of electricity.							
Column D: Average kWh consumption per customer times Kwh charge (Column F to the ration of Col. B and Col. A).							
Column E: A target fund from each company, respective factor (Column G) multiplied into EERLF Target Fund.							
Column F: Average EERLF charge per kWh usage (Column E divided by Column B)							
Column G: A ratio of customers' consumption of each company to total consumption of 139.43 billion kWh per year.							

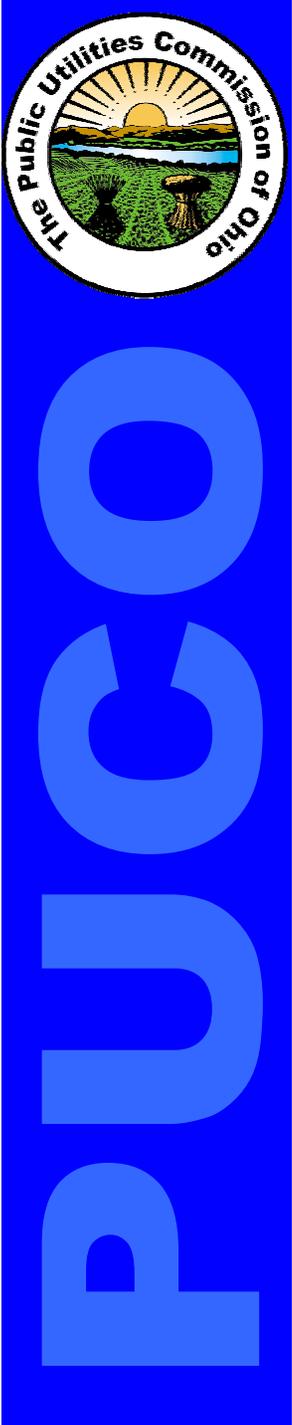


ODOD Business & Institutional Loan Program

Example Projects:

- **Combined Heat and Power Systems**
- **Power Factor Correction**
- **System Thermal Insulation**
- **Building Envelope Insulation**
- **Lighting Systems**
- **Fuel Source Conversion to Renewable**
- **Heat Recovery**
- **Automatic Control Systems and Modifications**
- **Other – be innovative**

ODOD



Program Limits

Business and Institutional

\$5,000 to \$250,000

Renewable Energy

Including Business and Institutional -
\$10,000 to \$500,000



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PD
P**

To qualify for the Energy Loan Fund Grant Program, CHP or DG projects must be located in Ohio and in the service territories of one of the participating investor-owned electric distribution companies* (AEP, Cinergy, Dayton Power & Light, FirstEnergy or Allegheny Power)

*(*Projects in municipal utilities or rural coop service areas currently are not covered by the Grant Program.)*

**OHIO DEPARTMENT OF DEVELOPMENT
OFFICE OF ENERGY EFFICIENCY
ENERGY LOAN FUND INCENTIVE GRANT
REQUEST FOR PROPOSALS
DISTRIBUTED ENERGY RESOURCE PROJECTS**

(RFP #05-02)

In accordance with the Ohio Revised Code §4928.61-63, projects financed through the Energy Loan Fund will be eligible to compete for incentive grants to cover a portion of the costs of eligible projects. Grant funds are limited. Therefore, selection is competitive and not all applications will be funded... .

1.1 Table of Contents (examples)

- Grant Agreement Requirements
- Proposal Evaluation and Selection Criteria
- Additional Source of Financing...

1.2 RFP Time Table

- | | |
|--|--|
| •Release of RFP | November 29, 2004 |
| •Deadline to submit questions | December 30, 2004 |
| •Deadline to submit proposals | <u>3 p.m. EST, January 31, 2005</u> |
| •Proposal review/grant award announcements | March 31, 2005 |



ODOD

Examples of ODOD Funding Application Requirements:

Direct Loan Applicants are asked –

- “Describe why state assistance is a major factor in the project going forward?”
- “Will this project result in relocation of jobs from another state?”
- “Will this project result in the relocation of jobs within Ohio?”
- “Will this project result in a job loss to any Ohio community?”



Examples of ODOD Funding Application Requirements (cont'd):

All Applicants are asked if they owe—

- “Any delinquent taxes to the State, a state, agency, or a political subdivision?”
- “Any monies to the State or a state agency for the administration or enforcement of environmental laws of the State?”
- “Any other monies to the State, a state agency, or a political subdivision of the State that are past due?”
- “Is the company the subject of any existing tax lien?”

ODOD

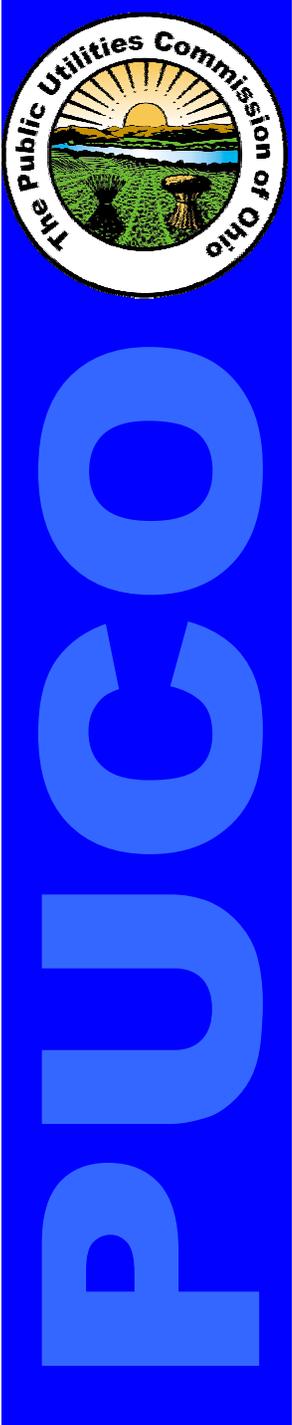


ODOD
FUND

Examples of ODOD Funding Application Requirements (cont'd):

All DER/DG funding Applicants are asked for—

- “Documentation of energy efficiency measures installed?” (Proposals with this documentation will be rated more favorably.)
- ‘Any additional measurement/monitoring system to be installed for “energy performance reporting”?’ (All funded projects are required to install a kilowatt-hour meter to monitor system output.)
- “Characteristics that add value to promote DG?” (Examples: reaching new markets, building technical capacity, collaborations, using Ohio products and services.)



- Applicants for inverter-based renewal energy projects (e.g., solar, wind) are requested to provide detailed technical descriptions and characteristics of their proposed equipment and its intended installation;
- Renewable energy applicants are provided with a list of Ohio-based equipment suppliers and installers produced by Green Energy Ohio, the Ohio Chapter of the American Solar Energy Society.

➤ *The Grant Applicant must sign a Grant Agreement with the Ohio Department of Development--*

Appendix D

Sample Grant Agreement

AGREEMENT

BETWEEN

**STATE OF OHIO
DEPARTMENT OF DEVELOPMENT
COMMUNITY DEVELOPMENT DIVISION
OFFICE OF ENERGY EFFICIENCY
(hereinafter referred to as the GRANTOR)**

AND

**«Company»
«Address»
«citystatezip»**

**FED. TAX I.D. #: «FederalID»
(hereinafter referred to as the GRANTEE)**

FOR

«Program»

Beginning: «Beginningdate»

and

Ending: «Endingdate»

Ohio Department of Development

News Release

Bob Taft,
Governor

Bruce Johnson,
Lt. Governor

FOR IMMEDIATE RELEASE

April ##, 2005

MEDIA CONTACT: Mike Hogan at (614) 644-1931

or Bill Teets at (614) 466-2382

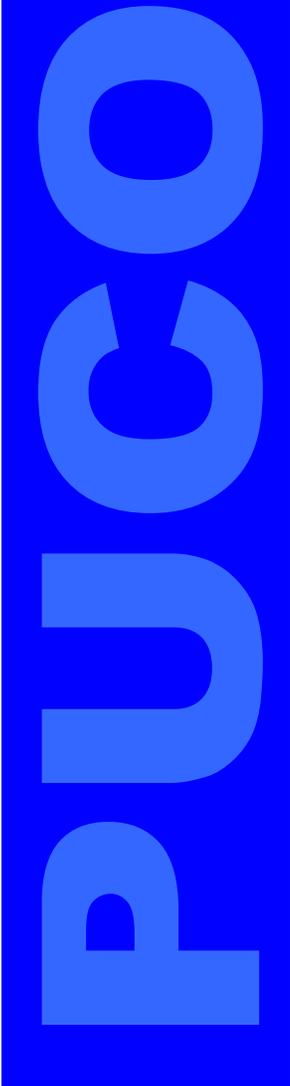
SEVEN OHIO PROJECTS TO RECEIVE GRANT MONEY TOTALING \$421,000 TO IMPLEMENT ENERGY TECHNOLOGIES

COLUMBUS – Lieutenant Governor Bruce Johnson announced today that has awarded seven Energy Loan Fund (ELF) grants totaling more than \$421,000 to implement distributed energy resource (DER) technologies. The grant program is administered through the Ohio Department of Development's (ODOD) Office of Energy Efficiency (OEE)....



More CHP/DG/DER-related issues for the Governor's Jobs Cabinet "Advanced Energy Agenda"

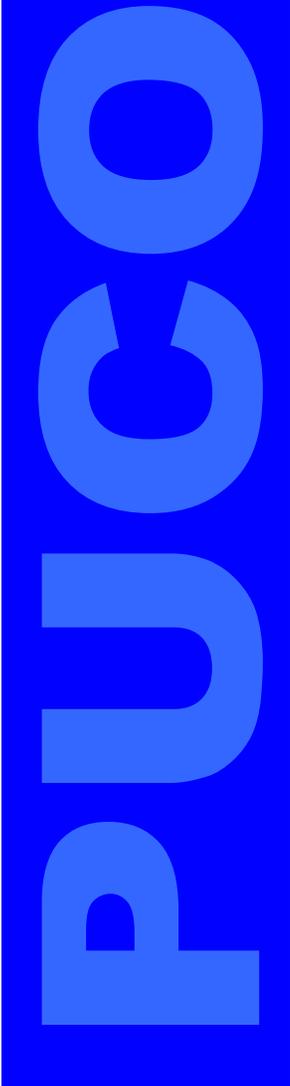
Mute the market barriers created under old PURPA tariffs for interconnection of CHP and DG with initiatives that, instead, will encourage the use of contract riders to utility company service agreements with industrial and large commercial customers, for the purposes of...





Customers Service contract riders (cont'd)

- Waiving demand charge tariff “ratchets” associated with intermittent spikes in customer’s demand during periods of maintenance and repair to CHP or DG equipment;





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Customers Service contract riders (cont'd)

- Determining a schedule for maintenance and repairs to customer CHP and DG equipment during off-season and non-peak periods to reduce the impact of unexpected spikes in the customer's demand for electricity.



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Other Jobs Cabinet Recommendations:

Encourage improved utility company- business customer partnerships to expedite--

- Interconnection procedures and contracts for customer use of combined heat and power (CHP) and distributed generation (DG) technology to provide for replacement energy and capacity needs;



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Other Jobs Cabinet Recommendations: (cont'd)

- Encourage contributions of demand response by self-generating industrial customers operating on interruptible electric service by sharing the savings from wholesale market demand response excess revenues between the interrupted customer and the non-interruptible customer base of the incumbent utility.



Contact Information:

- Energy Loan Fund Grant Program link-
<http://www.odod.state.oh.us/cdd/oe/ELFGrant.htm>
- PUCO - “Electric Distributed Generation Equipment: How To Connect to the Utility Company’s System”
http://www.puco.ohio.gov/PUCO/Consumer/information.cfm?doc_id=115
- Renewable Energy Installer in Ohio -
<http://www.GreenEnergyOhio.org>