
AIR QUALITY DEVELOPMENT AUTHORITY

Solar Generation Fund revenue collection

- Allows the revenue requirement that must be collected from customers of electric distribution utilities (EDUs) for deposit in the Solar Generation Fund to be an amount determined by the Ohio Air Quality Development Authority (OAQDA) to be sufficient for required disbursements from the fund and for administrative costs, rather than the \$20 million annual revenue requirement in current law.
- Permits the customer charge for the fund to be collected for a reasonable time beyond July 31, 2025, rather than December 31, 2027, in current law, only if necessary to reconcile actual revenue collected with the required disbursements from the fund.

Air Quality Revolving Loan Fund

- Creates the Air Quality Revolving Loan Fund as a custodial fund that consists of the proceeds of state air quality revenue bonds and notes issued by the OAQDA for the sole benefit of the fund.
- Requires the proceeds to be held in trust for the purpose of carrying out the powers and duties of the OAQDA.
- Specifies that the bonds and notes may be secured by appropriate trust agreements and repaid from money credited to the fund from principal and interest payments made from the fund.

OAQDA's receipt of federal grants or loans

- Allows the OAQDA to receive and accept from any federal agency loans of federal funds subject to the Governor's approval (in addition to grants as currently allowed) and specifies that such grants and loans are subject to the limitations of the economic development provisions in the Ohio Constitution.
- Allows the OAQDA also to receive and accept such grants or loans from a not-for-profit entity.
- Specifies that the loans of the federal funds are to be for or in aid of the construction of air quality projects or for air quality facility research and development.

OAQDA definitions

- Eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the OAQDA Law.
- Adds any property, device, or equipment comprising a facility generating green energy, as defined in the competitive retail electric service law, to the definition of "air quality facility."

Solar Generation Fund revenue collection

(R.C. 3706.46)

Current law requires all bills rendered by an electric distribution utility (EDU) to collect a PUCO approved charge from all of its retail electric customers in Ohio which, in the aggregate, is sufficient to produce a revenue requirement of \$20 million annually for placement in the Solar Generation Fund. The fund is administered by the Ohio Air Quality Development Authority (OAQDA). Money in the fund is used to provide payments to the owners or operators of qualifying solar resources based on the number of solar energy credits allotted to the owner or operator pursuant to a process under continuing law, and also to cover some of OAQDA's associated administrative costs.¹⁰

The bill allows the revenue requirement amount collected for the fund to be determined by the OAQDA to be sufficient for the total disbursements to qualifying solar resources and OAQDA's administrative costs, rather than \$20 million.

Additionally, the bill permits the PUCO-approved charge on EDU customers' bills to continue for a reasonable time beyond July 31, 2025, rather than December 31, 2027, under current law, only if it is necessary to reconcile actual revenue collected with the required disbursement amounts to qualifying solar resources.

Air Quality Revolving Loan Fund

(R.C. 3706.04(S) and 3706.042)

The bill creates the Air Quality Revolving Loan Fund in the custody of the State Treasurer and apart from the state treasury. Under the bill, this custodial fund consists of the proceeds of air quality revenue bonds and notes of the state issued by the OAQDA for the sole benefit of the fund. The proceeds in the fund must be held in trust for the purpose of carrying out the powers and duties of the OAQDA, including, for example, making loans and grants to governmental agencies for the acquisition or construction of air quality projects by these agencies. The bonds and notes may be secured by appropriate trust agreements and repaid from money credited to the fund from payments of principal and interest on loans made from the fund.

OAQDA's receipt of federal grants or loans

(R.C. 3706.04(M))

The bill authorizes the OAQDA to accept from any federal agency, subject to the Governor's approval, loans of federal funds, in addition to grants as allowed under current law. The grants and loans are subject to the economic development provisions of the Ohio Constitution in Article VIII, Section 13.¹¹ As added by the bill, the OAQDA may also receive and accept such grants or loans from a not-for-profit entity. Under the bill, loans for the federal funds

¹⁰ R.C. 3706.41, 3706.49, 3706.391, and 3706.55, not in the bill.

¹¹ Ohio Constitution, Article VIII, Section 13.

are to be for, or in aid of, the construction of any air quality project or for air quality facility research and development.

OAQDA definitions

(R.C. 3706.01)

The bill eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of “air quality facility” under the OAQDA Law.

It adds any property, device, or equipment comprising a facility generating green energy to the definition of “air quality facility.” “Green energy” is defined in the existing competitive retail electric service law as any energy generated by using an energy resource that does one or more of the following: (1) releases reduced air pollutants, thereby reducing cumulative air emissions and (2) is more sustainable and reliable relative to some fossil fuels. “Green energy” includes energy generated by using natural gas as a resource and nuclear reaction.¹²

Under current law, air quality facilities, which are eligible for funding from OAQDA, are facilities designed to control air pollution and thermal pollution.

¹² The definition of “green energy” was amended by H.B. 308 of the 135th General Assembly in 2024.