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## **PUBLIC UTILITIES COMMISSION**

### **Competitive retail electric service state policy**

- Modifies the competitive retail electric service (CRES) state policy by:
  - Adding a policy to encourage the development of customer-sited generation; and
  - Expanding the policy of ensuring the availability of an electric utility's transmission and distribution systems so that the customer-generator or owner can market and deliver electricity through power purchase agreements or other contractual agreements.

### **Net metering systems**

- Modifies the definition of "net metering system" to do both of the following:
  - Add a facility that uses green energy that is fully dispatchable as its fuel;
  - Include a facility for a mercantile customer that is located within the certified territory of the electric utility that provides electric service to a mercantile customer.
- Specifies that, for a net metering system for a mercantile customer that is not located on the customer-generator's premises, the customer-generator must be billed as follows:
  - If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the utility during the billing period, the customer-generator is billed for the generation service for the net electricity supplied by the utility;
  - The customer-generator is billed for distribution and transmission service for all electricity it uses according to the rates and charges contained in the utility's tariffs.

### **Electric light company**

- Excludes a facility for the production of electricity that meets the following conditions from being an "electric light company" in the public utilities law:
  - Is located on a customer-generator's premises or, for mercantile customers, is located within the certified territory of the electric utility that provides electric service to the mercantile customer;
  - Operates in parallel with the electric utility's transmission and distribution facilities;
  - Is intended primarily to offset part or all of the customer-generator's or mercantile customer's requirements for electricity.

### **PUCO final order**

- Requires a final order issued by the Public Utilities Commission (PUCO) be affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 150 days of the date a rehearing request was granted.

## Customer sited “green energy” resource

- Allows an electric distribution utility to enter into an agreement with a mercantile customer or group of such customers for constructing in Ohio a customer sited “green energy resource” to provide the customer or group with a portion of the customer’s or group’s electricity requirements (in addition to the customer sited renewable energy resources under ongoing law).
- Limits “green energy resources” to energy generated by using natural gas as a resource or nuclear reaction.

## Competitive retail electric service state policy

(R.C. 4928.02)

The bill modifies the existing competitive retail electric service (CRES) state policy by:

- Adding a policy to encourage the development of customer-sited generation; and
- Expanding the current policy of ensuring the availability of an electric utility’s transmission and distribution systems so that the customer-generator or owner can market and deliver electricity through power purchase agreements or other contractual agreements.

Other current law state CRES policies include, for example, ensuring the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service, and recognizing the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment.

## Net metering systems

(R.C. 4928.01 and 4928.67)

### Definition change

The bill modifies the definition of “net metering system” to do the following:

- Add “green energy that is fully dispatchable” to the list of fuels an electrical energy production facility may use to qualify as a net metering system (those existing fuels are: solar, wind, biomass, landfill gas, and hydropower);
- Include, for a mercantile customer, a facility that is located within the certified territory of the electric utility that provides electric service to a mercantile customer, instead of limiting a system’s location to a customer-generator’s premises.

Current law defines “green energy” to mean any energy generated (including using natural gas as a resource and nuclear reaction) by using an energy resource that does one or more of the following: (1) releases reduced air pollutants, thereby reducing cumulative air emissions, or (2) is more sustainable and reliable relative to some fossil fuels. A “mercantile customer” under continuing law means a commercial or industrial customer if the electricity

consumed is for nonresidential use and the customer consumes more than 700,000 kilowatt hours per year or is part of a national account involving multiple facilities in one or more states. Existing law defines a “customer-generator” as a user of a net metering system.

### **Calculating electricity for net metering systems**

Additionally, regarding the measurement of net electricity supplied or generated through net metering, the bill specifies that, for a mercantile customer net metering system that is not located on the customer’s premises, the following apply:

- If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the utility during the billing period, the customer-generator must be billed for the generation service for the net electricity supplied by the utility.
- The customer-generator must be billed for any distribution and transmission service for all electricity it uses, in accordance with normal metering practices, according to the rates and charges contained in the utility’s tariffs.

For other net metering systems, current law, unchanged by the bill, requires the customer-generator to be billed for the net electricity supplied by the electric utility in accordance with normal metering practices if the electricity supplied by the utility exceeds the electricity generated by the customer-generator and fed back to the utility during the billing period.

### **Electric light company**

(R.C. 4905.03)

The bill excludes a facility for the production of electricity that meets the following conditions from being an “electric light company” in the public utilities law:

- Is located on a customer-generator’s premises or, for mercantile customers, is located within the certified territory of the electric utility that provides electric service to the mercantile customer;
- Operates in parallel with the electric utility’s transmission and distribution facilities;
- Is intended primarily to offset part or all of the customer-generator’s or mercantile customer’s requirements for electricity.

PUCO regulates public utilities, which include electric light companies (companies engaged in the business of supplying electricity for light, heat, or power purposes to Ohio customers). Certain electric light companies, such as electric light companies that operate not-for-profit and municipally owned or operated public utilities, are not regulated.

Further, continuing law grants each “electric supplier” (defined as an electric light company, including nonprofit corporations, but excluding municipal and other local electric service providers) the exclusive right to furnish electric load to all electric load centers located within its PUCO-approved certified territory. Electric suppliers are also prohibited from providing

electric service for electric load centers located within the territory of another electric load center.<sup>114</sup>

By exempting the facilities described above from being an “electric light company” it appears that these facilities would not be subject to PUCO’s general oversight of public utilities or the prohibition against providing electric service within an electric supplier’s certified territory.

## **PUCO final order**

(R.C. 4903.10)

The bill requires a final order issued by PUCO be affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 150 days of the date a rehearing request was granted.

Under law unchanged by the bill, after PUCO makes an order, any party who has entered an appearance in the proceeding may apply for a rehearing regarding any matter determined in the proceeding. If PUCO, after the rehearing, determines the original order or any part of it is unjust or unwarranted, or should be changed, PUCO may abrogate or modify it; otherwise it must be affirmed.

## **Customer sited “green energy” resource**

(R.C. 4928.47)

The bill modifies ongoing law that allows an electric distribution utility (EDU) to enter into an agreement with a mercantile customer or group of mercantile customers for the purpose of constructing in Ohio a customer sited energy resource that will provide the mercantile customer or group with a material portion of the customer’s or group’s electricity requirements. Under current law unchanged by the bill, a “mercantile customer” is a commercial or industrial customer if the electricity consumed is for nonresidential use and the customer consumes more than 700,000 kilowatt hours per year or is part of a national account involving multiple facilities in one or more states.

The bill permits a certain type of “green energy resource,” in addition to customer sited renewable energy resources, to provide electricity requirements to mercantile customers or groups. The bill specifies that a “green energy resource” is limited to energy described in division (b) of the “green energy” definition in Revised Code section 4928.01(A)(43) of the competitive retail electric service law.

Under the definition of “green energy” effective April 3, 2025, new division (b) of R.C. 4928.01(A)(43), includes energy generated by using natural gas as a resource or nuclear reaction. Applying the new definition to the bill, energy generated by using natural gas or nuclear reaction is a resource that may be used to generate customer sited electricity under the agreements between EDUs and mercantile customers or groups.<sup>115</sup>

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<sup>114</sup> R.C. 4905.02, 4905.04, and 4933.81 to 4933.90, not in the bill.

<sup>115</sup> R.C. 4928.01(A)(19) and (43), not in the bill.