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# OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 271  
134<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Rep. Edwards

Amy L. Archer, Research Analyst

### SUMMARY

#### Natural Gas Infrastructure Development Program

- Requires the Ohio Public Works Commission Director to establish a Natural Gas Supply Infrastructure Development Program (program) to facilitate investment in physical facilities useful in meeting the natural gas supply needs in areas of Ohio with insufficient natural gas supply access.
- Permits the Director to make grants and loans under the program to business, nonprofit organizations, and local government, in coordination with the Public Utilities Commission (PUCO).
- Creates the Natural Gas Infrastructure Development Fund (Development Fund), funded by excess money remaining in the Oil and Gas Well Fund at the end of a fiscal year and appropriations, to be used by the Director to make grants and loans under the program.
- Requires the Director to adopt rules that (1) are necessary for the program's administration, (2) establish an application form and procedure, and (3) establish certain criteria for prioritizing the award of grants and loans.

### DETAILED ANALYSIS

#### Natural Gas Infrastructure Development Program

##### Program establishment

The bill requires the Ohio Public Works Commission (OPWC) Director to establish a Natural Gas Infrastructure Development Program (program) for the purpose of facilitating investment in planning, developing, designing, acquiring, constructing, operating, and maintaining physical facilities useful in meeting the natural gas supply needs, both as of the bill's effective date and reasonably expected for the future, of areas of Ohio in which there is, as of the bill's effective date, insufficient natural gas supply access to meet those needs. Under

the program, the Director may make grants and loans to businesses, nonprofit organizations, and units of local government, in coordination with the Public Utilities Commission (PUCO).<sup>1</sup>

### **Natural Gas Infrastructure Development Fund**

The bill creates the Natural Gas Infrastructure Development Fund (Development Fund). The Development Fund is in the Treasurer's custody, but is not part of the State Treasury. The Development Fund will consist of (1) the excess money remaining in the Oil and Gas Well Fund at the end of the fiscal year, which must be transferred to the Development Fund, and (2) money that is appropriated to it by the General Assembly. The Development Fund money must be used to make grants and loans under the program and by the Director in administering that program.<sup>2</sup> The interest generated by the Development Fund must be retained by the Development Fund.<sup>3</sup>

### **Rules**

The OPWC Director must adopt rules under the Ohio Administrative Procedure Act (R.C. Chapter 119) that are necessary for the program's administration. In no event can the Director or rules authorize any grants or loans in an amount or amounts that are not fully funded from the Natural Gas Infrastructure Development Fund. The rules must establish at least all of the following:

1. An application form and procedures governing the application process for receiving grants and loans under the program;
2. Criteria for prioritizing the award of grants and loans under the program. The criteria shall include all of the following:
  - a. The projected number of customers that will be provided access or increased access to natural gas service by the proposed project;
  - b. The projected natural gas demand or growth in demand to be generated by the proposed investment;
  - c. Any economic impacts of the proposed investment, including customer fuel cost savings;
  - d. Any impacts the proposed investment may have on the reliability of natural gas service in Ohio;

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<sup>1</sup> R.C. 164.30(B).

<sup>2</sup> It is not clear who is the Director referred to in this section. It is probably the OPWC Director. This should be clarified by adding language specifically identifying the Director. R.C. 164.30 compared with R.C. 164.31.

<sup>3</sup> R.C. 164.31 and 1509.02.

- e. Any other issue related to the development of natural gas infrastructure to enhance economic development and retention that the director deems relevant.<sup>4</sup>

### **Application of program provisions**

The bill specifies that the program provisions do not do any of the following:

1. Prohibit a natural gas company from filing an application to change, modify, or alter rates and charges, or to enter into a reasonable arrangement or schedule.
2. Inhibit PUCO's authority to approve rate adjustment mechanisms for natural gas infrastructure expansion or replacement programs.
3. Prohibit PUCO from approving an infrastructure investment plan and an infrastructure expansion recovery mechanism as part of a general rate application.

For the purposes of the program provisions, "natural gas company" means a public utility that supplies natural gas to its Ohio consumers for lighting, power, or heating purposes and excludes a retail natural gas supplier.<sup>5</sup>

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## **HISTORY**

Action	Date
Introduced	04-22-21

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H0271-I-134/ar

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<sup>4</sup> R.C. 164.30(C).

<sup>5</sup> R.C. 164.30(A) and (D); R.C. 4929.01, not in the bill.