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Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Dolan

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SUMMARY

Renewable portfolio standards

- Requires that electric distribution utilities (EDUs) and electric services companies (ESCs) must provide 8.5% of their electricity supply from renewable energy resources by "2027 and thereafter" and that 0.5% of portion of the electricity supply used to meet the renewable resource requirements must be from solar energy resources.
- Specifies that the renewable energy resource benchmarks must continue in 2026 "and each calendar year thereafter."
- Includes annual solar energy resource benchmarks beginning with a 0.22% solar energy resource requirement in 2021 that annually increases to reach a 0.5% solar energy resource requirement in 2026 and each calendar year thereafter.
- Requires EDUs and ESCs to pay a compliance payment based on the per megawatt hour of undercompliance or noncompliance with the solar energy resource benchmarks beginning at $150 for 2021 and 2022, and decreasing by $50 every two years thereafter, through 2026, to a minimum of $50.

Property tax exemption for qualified renewable energy projects

- Extends the tangible personal property tax exemption for qualified energy projects that use renewable energy resources to 2030.

DETAILED ANALYSIS

Renewable portfolio standards

The bill requires an electric distribution utility (EDU) to provide 8.5% of the electricity supply required for its standard service offer, and an electric services company (ESC) to provide 8.5% of the electricity supply for Ohio retail consumers, from renewable energy resources by "2027 and thereafter," including 0.5% from solar energy resources. Under current law, EDUs and ESCs are only required to *have provided* 8.5% of their electricity supply from renewable energy resources "by the end of 2026."[1]

The bill also specifies that renewable energy benchmarks must continue in 2026 and "each calendar year thereafter." The bill maintains the 2026 benchmark of 8.5% in perpetuity. Under current law, renewable energy benchmarks only continue to 2026.

The bill adds a solar energy benchmark of 0.22% in 2021, increasing ultimately to 0.5% in 2026 and each year thereafter. Under current law, the solar energy benchmark decreased to 0% in 2020.[2] The solar energy resource benchmarks set forth in the bill are as follows:

Year	Solar energy resource benchmark
2021	0.22%
2022	0.28%
2023	0.33%
2024	0.39%
2025	0.44%
2026 and each calendar year thereafter	0.5%

To ensure that the solar energy resource benchmarks are reached, the bill requires that EDUs and ESCs continue to pay a compliance payment for undercompliance or noncompliance with the solar energy resource benchmarks. The compliance payment is $150 for every megawatt of undercompliance or noncompliance in 2021 and 2022. The compliance payment then decreases by $50 every year thereafter, to a minimum of $50 per megawatt hour.[3]

Property tax exemption for qualified renewable energy projects

The bill extends the property tax exemption for the tangible personal property of qualified energy projects using renewable energy resources through 2030. Under current law, this exemption ends in 2023.[4] A "qualified energy project" is an energy project certified by the director of development services. An "energy project" that may be certified is a project that

[1] R.C. 4928.64(B).

[2] R.C. 4928.64(B)(2).

[3] R.C. 4928.64(C)(2)(a)(iv) and (v).

[4] R.C. 5727.75(A) and (B)(1); R.C. 4928.01(A)(37) and 5727.01(N), not in bill.

provides electric power from renewable energy resources (such as, for example, wind, solar, hydroelectric, and geothermal energy).[5]

The bill provides that a person may apply to the director of development services to certify an energy project using renewable energy resources as a qualified energy project on or before December 31, 2030. Under current law, this application must be made on or before December 31, 2022.[6]

The bill further adjusts the requirements for obtaining a tax exemption. To obtain a tax exemption, the owner or lessee pursuant to a sale or leaseback transaction of the project must (1) submit an application for a certificate to construct or operate the qualified energy project to the Power Siting Board (PSB) or, if PSB certification is not required, to another public agency or political subdivision, before December 31, 2029, and (2) begin construction or installation of the energy facility before January 1, 2030.[7] Under continuing law, a property tax exemption for a qualified energy project with a nameplate capacity of 20 megawatts or greater may only be granted if the board of county commissioners of the county in which the project is located has adopted a resolution approving the application to be exempt from taxation.[8]

Additionally, the bill provides that if a qualified energy project using renewable energy resources was exempt from taxation beginning in any tax year from 2011 through 2030, the tangible personal property of the qualified energy project will remain exempt from taxation in tax year 2031 and all tax years thereafter, as long as the project is placed into service before January 1, 2031, and its certification as a qualified energy project has not been revoked.[9]

HISTORY

Action	Date
Introduced	02-24-21

S0089-I-134/ar

[5] R.C. 5727.75(A)(1).

[6] R.C. 5727.75(E)(1)(a)(i).

[7] R.C. 5727.75(B)(1)(a to b).

[8] R.C. 5727.75(B)(1)(c).

[9] R.C. 5727.75(B)(2).