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Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Wilkin

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SUMMARY

- Requires a retail natural gas supplier (RNGS) that intends to establish a voluntary carbon offset program to enter into an agreement with one or more carbon offset registries and submit a notice to the Public Utilities Commission (PUCO) that meets various requirements.
- Prohibits a voluntary carbon offset program offered by a RNGS from requiring a natural gas company or nonparticipating customers to incur program-related costs.
- Requires a RNGS's voluntary carbon offset program to include procedures allowing customers to opt-in and out the program.
- Provides that PUCO can audit a RNGS' voluntary carbon offset program to ensure carbon offsets are being correctly applied and that costs are being properly charged and collected, and requires the RNGS to provide any information requested by PUCO to complete the audit.
- Adds provisions to the state retail natural gas policy that do the following:
 - Ensure that environmental marketing claims regarding the environmental impact of carbon offset products are substantiated by evidence so as not to deceive or mislead consumers about the environmental impact of carbon offset products;
 - Ensure that accurate and useful information about the environmental impact of carbon offset products is made available to consumers.

DETAILED ANALYSIS

Carbon offset program

The bill requires a retail natural gas supplier (RNGS) that intends to establish a voluntary carbon offset program to do the following:

- Enter into an agreement with one or more carbon offset registries that can provide:
 - Information to identify carbon offset projects;
 - Serial numbers for each carbon offset credit generated by each project;
 - A system to identify the original owner that generated the carbon offset credit;
 - A system to check the status of a carbon offset credit.
- Submit a notice to the Public Utilities Commission (PUCO) stating its intention to begin a voluntary carbon offset program allowing all customer classes to enroll and purchase carbon offsets to offset any emissions resulting from the customer's consumption and use of natural gas services. The notice must include:
 - A copy of an agreement between the RNGS and one or more carbon offset registries that, at a minimum, states that the carbon offsets being sold meet the necessary criteria to be considered a carbon offset and that the registry or registries will conduct regular verification to assure that the offsets are being applied correctly by the RNGS; and
 - A description of the types of carbon offsets the RNGS will offer to customers and a description of how the RNGS will prevent double counting.

For the notices described above, PUCO must maintain a publicly available record of each notice once it has verified that the RNGS is working with the carbon offset registry or registries it lists in the notice.

The bill defines a "carbon offset" as an instrument certified by a carbon offset registry that represents one metric ton of greenhouse gas removed from the atmosphere by any method of mitigation including: planting and maintaining trees that absorb carbon dioxide and providing long-term forest management, capturing and burning methane gas produced by landfills or farms before the methane enters the atmosphere, and improving energy efficiency to reduce energy use and lower the associated carbon dioxide emissions. "Carbon offset registry" means a nationally recognized entity that engages primarily in the development of carbon offset standards, methodologies, program registration, verification oversight, and issuance of carbon offsets, whether for profit or not. "Double counting" is defined as a RNGS that does¹ either of the following: (1) sells the same carbon offset to two or more customers; (2) attributes the carbon offset produced from a single method of mitigation to two or more methods of mitigation.

Continuing law, unchanged by the bill, defines "retail natural gas supplier" as any person that is engaged on a for-profit or not-for-profit basis in the business of supplying or arranging for the supply of a competitive retail natural gas service to consumers in Ohio that are not

¹ The bill likely intends to say "supplier *that* does either of the following" rather than "supplier does either of the following." A technical amendment may be needed to correct this.

mercantile customers, with certain persons or entities excluded, such as a natural gas company (which is a company that supplies natural gas for lighting, power, or heating in Ohio and is a public utility, and excludes a RNGS).²

Program costs

The bill prohibits a voluntary carbon offset program offered by a RNGS from requiring a natural gas company to incur costs related to the program. Additionally, no carbon offset program can require customers who do not participate in the program to incur costs related to the program.³

Program opt-in and opt-out requirements

The bill requires a RNGS's voluntary carbon offset program to include procedures to allow for customers to opt-in and out of the program.⁴

Potential PUCO audit

The bill allows PUCO, at its discretion, to conduct an audit of a RNGS's voluntary carbon offset program to ensure the offsets are being applied correctly to a customer's account and that no costs incurred under the program are charged to, or collected from, the natural gas company or non-participating customers. If a RNGS is subject to an audit, it must provide any information PUCO determines is necessary to complete the audit.⁵

State retail natural gas policy

The bill adds the following provisions to the state retail natural gas policy:

- Ensure that environmental marketing claims, whether explicit or implied, are substantiated by competent and reliable evidence so as not to deceive or mislead consumers about the environmental impact of carbon offset products;
- Ensure that accurate and useful information about the environmental impact of carbon offset products is made available to consumers.⁶

² R.C. 4929.51 to 4929.53; R.C. 4929.01, not in the bill.

³ R.C. 4929.55.

⁴ R.C. 4929.57.

⁵ R.C. 4929.59.

⁶ R.C. 4929.02(A)(13) and (14).

HISTORY

Action	Date
Introduced	03-18-25
