10. OHIO

(1999 Utility statistics from www.eia.doe.gov)

Population (2001 Census Estimate):	11,373,541
Net Summer Capability (MW)	27,083
Electricity Consumption (MWh)	165,717,257

	Investor-Owned	Public	Federal	Coop-erative	Total
Number of Utilities	9	85	0	25	119
Percentage of Retail Sales	90.8	5.6	0	3.7	100.0

Mechanism:	temporary rider collected by electric utilities of 0.10758 mills/kWh
Creation:	Legislative
Duration:	January 2001 – December 2010, or until $100million in fund
Administration:	Ohio Department of Development
Budget:	$15million/year for 5 years; $5million/year until $100million total
Name:	Energy Efficiency Revolving Loan Fund
Benefit Measure:	Simple payback less than five years or other measures
Incentives:	None for utilities

Survey Questions

1. Process and timeline

   The Energy Efficiency Revolving Loan Program ("Loan Fund") was established by the Ohio General Assembly under the 1999 electric restructuring act (the "Act") in Sections 4928.61 - 4928.63 of the Ohio Revised Code. The rate of the rider was set in August 2000. Utilities began collecting the temporary rider January 1, 2001. Programs were announced in 2002.

2. Organizational structure

   The Loan Fund is administered by the Office of Energy Efficiency (OEE). OEE is part of the Ohio Department of Development's ("Development's") Community Development Division. Three individuals were noted as Loan Fund staff on the OEE website.

   The Public Utilities Commission of Ohio (PUCO) and the Public Benefits Advisory Board advise the director of Development re: strategies for the administration of the Loan Fund and a separate Low Income program. The Advisory Board will consist of 21 members including 13 governor appointees, 2 members of the House, 2 members of the Senate, the director of Development, the chair of the PUCO, the Consumers' Counsel, and the director of the Air Quality Development Authority.
   Any Ohio resident, non-profit entity, low-income housing developer, educational or local

government institution, small business, industrial or agricultural customer of one of the participating electric utilities is eligible. They can apply to the Loan Fund to help finance energy efficient or renewable energy technologies, products or services.

Existing financial institutions, approved by OEE, are used for project financing.

3. Funding mechanisms

The Loan Fund is financed through a rider on the electric bills of the customers of the five investor-owned electric utilities in Ohio. The utilities remit the funds collected to the Ohio Department of Development on a quarterly basis. The riders will be eliminated by January 1, 2011, or when the Loan Fund reaches $100million, whichever comes first.

The director of Development determines the amount of money to be raised each year. The PUCO calculates the rate of the rider necessary to meet the target. Up to $15million/year can be raised through 2005. No more than $5million/year may be raised in any year after that. The PUCO set the initial five-year rate for the rider at 0.10758mills/kWh.

The Act allows assistance to be provided through approved lending institutions in the form of loans at below market rates, loan guarantees for such loans, and linked deposits for such loans. Generally, the Loan Fund is used to allow participants to borrow money at a rate as low as half the standard bank interest rate to finance qualifying energy efficiency or renewable energy projects. It is a revolving Loan Fund, and appropriate loan payments are deposited back in the Loan Fund.

Customers of the municipal utilities and rural electric cooperatives are not paying a rider on their electric bills toward the Loan Fund. Therefore, they can not qualify for this program at this time.

4. Association with a long run resources plan

Generation has been deregulated. There is no Integrated Resource or other long range resource planning for this program to associate with.

5. Guidelines for program effectiveness and success

According to the Act, approved projects must improve energy efficiency in a cost-efficient manner, and benefit citizens' economic and environmental welfare.

According to OEE, the Loan Fund is designed to provide incentives through interest rate reduction for investments in energy saving products, technologies or services that will:

- conserve energy;
- increase the use of renewable energy technologies; and/or
- reduce energy consumption and costs for Ohio residents and businesses.

The State of Ohio also hopes to promote a "diverse and robust supply of energy resources."

The Act set a goal for assistance to be distributed proportional to utilities' contributions to the fund, to the extent feasible given approved applications.

6. Pre-implementation program evaluation guidance

   According to the Act, approved projects must use both the most appropriate national, federal, or other standards for products as determined by the director, and the best practices for use of technology, products, or services in the context of the total facility or building.

   Projects must meet energy efficiency performance standards determined by OEE. In general, eligible residential projects will be those that meet a pre-existing standard (e.g. Energy Star) or that are specified by specially certified raters or installed by specially trained contractors.

   Eligible business projects will meet the Energy Star® standard where such standard applies, or have a 5 year (or less) simple payback period, or result in 15 percent more energy efficiency than existing conditions and the expected measure life must be longer than the payback period.

   Borrowers must apply to the private lender for the loan and apply to OEE for "Energy Efficiency Project" approval. The recommended first step is to talk to an Energy Loan Fund staff member.

7. Results of program evaluation

   The Act does not require independent evaluation, but does give the director of Development authority to contract with technical monitors and evaluators.

8. Financial or performance incentives

   No financial incentives for utilities were noted in the literature.
   Participants benefit from up to a 50 percent reduction in the interest rate on their bank loan, and their project is likely to reduce their monthly energy bills.

Programs

<u>Business & Institutional Loans</u>
(energy efficiency for buildings, equipment and processes)
Interest rate reductions of up to 50 percent through loan participation with private lenders or through linked deposits. The Loan Fund participation is limited to 50 percent participation of the loan at a minimum of $5,000 and a maximum of $250,000. The term can be up to eight years.

Residential Loans
Interest rate reduction is available on bank loans from a minimum of $1,000 up to a maximum of $20,000 for a term of up to 8 years. The Loan Fund's actual participation is at 50 percent of these loan amounts.

Rental Housing Linked Deposit Program
(open to developers of low-income rental housing tax credit projects as part of the Ohio Housing Finance Agency's "Housing Credit Allocation Plan")

Renewable Energy Financial Assistance Program
(for use of renewable power by residential, business and institutional customers)

- The Renewable Energy Financial Assistance Program promotes investment in energy efficient products, technologies or services that use clean, renewable energy resources.

For residential renewable energy projects, the Loan Fund participation is limited to a minimum of $500 and a maximum of $25,000. For business and institutional renewable energy projects, the Loan Fund participation is limited to a minimum of $5,000 and a maximum of $500,000.

Resources

Office of Energy Efficiency, Ohio Department of Development
www.odod.state.oh.us/cdd/oee/energy_loan_fund.htm

Public Utilities Commission of Ohio
614-466-3016
www.puco.ohio.gov

The Act
www.dsireusa.org/library/docs/incentives/OH03R.htm