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# OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 275  
135<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Sen. Dolan

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### SUMMARY

- Establishes requirements for virtual net metering (VNM) including (1) extensive standards VNM systems must satisfy and (2) provisions governing VNM customers.
- Requires an electric utility to develop a standard contract or tariff providing for VNM that is identical in rate structure, all retail rate components, and any monthly charges as what the customer would be assigned if not for being a VNM customer.
- Specifies how the measurement of net electricity supplied or generated for VNM must be calculated.
- Requires the electric utility to communicate with and assist a VNM customer or person interested in becoming a VNM customer in calculating their electricity requirements, and upon request provide the three-year average electricity supplied to the customer or a reasonable estimate.
- Allows a VNM customer to aggregate any or all of the customer's electric meters that are in the same electric utility certified territory as a VNM system where the electricity generated by the system is attributable to the customer.
- Allows multiple VNM systems to be located on the same site.
- Prohibits an electric utility from requiring a VNM system to take certain actions, such as, for example, purchasing additional liability insurance, if the system meets specified safety and performance standards.
- Requires the Public Utilities Commission to adopt rules to administer VNM and meter aggregation.

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## DETAILED ANALYSIS

### Virtual net metering

The bill requires electric utilities to develop a standard contract or tariff to provide for virtual net metering (VNM). Under the bill, “VNM” means measuring the difference in an applicable billing period between the electricity supplied by an electric utility and the electricity from a VNM system attributed to a VNM customer that is fed to the electric utility. A “VNM customer” is a person, including a hospital, who contracts for or otherwise acquires electricity generated by a VNM system. A “VNM system” is a facility that satisfies all the requirements described below (see “VNM systems”).<sup>1</sup>

Continuing law defines an “electric utility” as an electric light company that has a certified territory (meaning an electric supplier territory established under law) and is engaged on a for-profit basis either in the business of supplying a noncompetitive retail electric service or both a noncompetitive and a competitive retail electric service. Also under current law, “hospital” is defined to include various types of hospitals, related facilities such as laboratories and other care facilities, and education and training facilities for health professionals.<sup>2</sup>

VNM differs from net metering permitted under existing law because net metering must be provided by a system located on the customer’s premises, while VNM does not have such a requirement. Existing net metering law is unchanged by the bill.<sup>3</sup>

#### VNM contract or tariff

The bill requires the contract or tariff to be identical in rate structure, all retail rate components, and any monthly charges to the contract or tariff to which the same customer would be assigned if that customer was not a VNM customer.<sup>4</sup>

#### Measuring net electricity for VNM

The bill specifies that the measurement of net electricity supplied or generated for VNM be calculated as follows:

- The electric utility must measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.
- If the electricity supplied by the utility exceeds the electricity generated by the VNM system attributed to the VNM customer and fed to the utility during the billing period,

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<sup>1</sup> R.C. 4928.675 and 4928.679(A).

<sup>2</sup> R.C. 3701.01(C) and 4928.01(A)(3) and (11), not in the bill.

<sup>3</sup> R.C. 4928.01(A)(31) and 4928.67, not in the bill; for more information on net metering in Ohio, see the Public Utilities Commission (PUCO) [net metering information page](https://pucoco.ohio.gov/home), which is available on PUCO’s website: <https://pucoco.ohio.gov/home>.

<sup>4</sup> R.C. 4928.679(A).

then the VNM customer must be billed for the net electricity supplied by the utility in accordance with normal metering practices.

- If the utility receives more electricity from the VNM customer than the utility supplied to the customer during the billing period, the excess electricity must be converted to a monetary credit at the energy component of the utility's standard service offer and continuously carried forward as a monetary credit on the customer's future bills. The utility cannot be required to pay the monetary credit, other than to credit it to future bills, and the credit may be lost if a VNM customer does not use the credit or stops taking service from the electric utility.<sup>5</sup>

### **Calculating customer electricity requirements**

Under the bill, the electric utility must communicate with and assist a VNM customer or person interested in becoming a VNM customer in calculating their requirements for electricity based on the average amount of electricity supplied by the utility to the customer annually over the previous three years. Upon request from any VNM customer or person interested in becoming a VNM customer, the utility must provide or make available either the average electricity supplied over the previous three years or a reasonable consumption estimate. If any of the following apply, the utility is required to establish an appropriate consumption estimate using any available consumption data or measures:

- The utility cannot provide the data without divulging confidential or proprietary information;
- The utility does not have the data or cannot calculate the average annual electricity supplied to the VNM customer or person interested in becoming a VNM customer over the previous three years due to new construction, vacant properties, facility expansions, or other unique circumstances.<sup>6</sup>

### **Meter aggregation**

The bill allows a VNM customer to aggregate any or all of the customer's electric meters that are in the same electric utility certified territory as a VNM system where the electricity generated by the system is attributable to the customer.<sup>7</sup>

## **VNM systems**

### **Requirements**

To be a VNM system, the bill requires it to satisfy all of the following:

- Be a facility for the production of electrical energy.

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<sup>5</sup> R.C. 4928.679(B).

<sup>6</sup> R.C. 4928.678.

<sup>7</sup> R.C. 4928.6710.

- Use as its fuel either solar, wind, biomass, landfill gas, or hydropower, or use a microturbine, natural gas-fired generator, battery-storage system, or fuel cell, subject to both of the following:
  - If the system uses either a battery-storage system or natural gas-fired generator, then the system or generator cannot be sized so as to exceed the size of any co-located facility using solar, wind, biomass, landfill gas, or hydropower as its fuel.
  - If both a battery-storage system and natural gas-fired generator are used, then the combined nameplate capacity of the system and the generator cannot be sized so as to exceed the size of any co-located facility using solar, wind, biomass, landfill gas, or hydropower as its fuel.
- Not be a net metering system. “Net metering system” is defined in current law as a facility for the production of electrical energy that can be fed back to the electric service provider and that meets certain requirements, including, for example, being located on the user’s premises.
- Not be located on agricultural land. “Agricultural land” is defined in current law as land that is composed of tracts, lots, or parcels totaling not less than ten acres devoted to agricultural production or totaling less than ten acres devoted to agricultural production if the land produces an average yearly gross income of at least \$2,500 from agricultural production.
- Be located on one of the following:
  - Property affected by subsidence from mining, including property adversely affected by past coal mining, described in the current coal surface mining law. The referenced coal surface mining law describes abandoned strip mines, coal processing areas, and coal refuse disposal areas, to name a few.
  - A brownfield. A “brownfield” is defined in current law as an abandoned, idled, or under-used industrial, commercial, or institutional property where expansion or redevelopment is complicated by known or potential releases of hazardous substances or petroleum.
  - A site, location, tract of land, installation, or building for incineration, composting, sanitary landfilling, or other approved methods of disposal of solid wastes. “Solid wastes” is defined under current law as such unwanted residual solid or semisolid material as results from industrial, commercial, agricultural, and community operations, excluding various materials such as nontoxic fly ash, and including certain materials like scrap tires.
  - Property owned by a county land reutilization corporation, which is a corporation organized for certain purposes, such as, for example, efficiently holding and managing vacant, abandoned, or tax-foreclosed real property pending its reclamation, rehabilitation, and reutilization.

- A disposal system, defined in current law as a system for disposing of sewage, sludge, sludge materials, industrial waste, or other wastes and includes sewage systems and treatment works.
- The roof of a facility that meets both of the following:
  - ❖ The facility is used exclusively for commercial or industrial purposes;
  - ❖ The facility is at least 80,000 square feet.
- Be in the certified territory of the electric utility that provides electric service to all electric meters that the VNM customer intends to attribute electricity to or aggregate with under the bill.
- Operate in parallel with the electric utility's transmission and distribution facilities.
- Be sized so as to not exceed 120% of the customer's electricity requirements at the time of interconnection, as determined through the process outlined in the bill (see "**Calculating customer electricity requirements**" above), regardless of whether the customer intends to take service through an electric utility or a competitive retail electric service provider.
- The VNM customer maintains an electric meter where the VNM system is located.
- Serve exactly one VNM customer.<sup>8</sup>

### **Multiple VNM systems allowed on one site**

A VNM system may be located on the same site as one or more other VNM systems.<sup>9</sup>

### **Safety and performance standards**

A VNM system must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories. An electric utility is prohibited from requiring a VNM customer or other person who owns a VNM system that meets all of the standards described above and the standards and requirements provided for under rules by the PUCO (see "**Rules**" below) to do any of the following:

- Comply with additional safety or performance standards.
- Perform or pay for additional tests.
- Purchase additional liability insurance.<sup>10</sup>

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<sup>8</sup> R.C. 4928.676; R.C. 122.6511, 901.61, 1513.37(A)(1), 1724.01, 3734.01, 4928.01, and 6111.01, not in the bill.

<sup>9</sup> R.C. 4928.677.

<sup>10</sup> R.C. 4928.679(C) and (D).

## Rules

The PUCO is required to adopt rules to administer VNM and meter aggregation. The rules must include additional control and testing requirements for VNM systems that the PUCO determines are necessary to protect public and worker safety and system reliability.<sup>11</sup>

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### HISTORY

Action	Date
Introduced	05-22-24

ANSB0275IN-135/ts

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<sup>11</sup> R.C. 4928.6711.