

As Introduced

136th General Assembly

Regular Session

2025-2026

H. B. No. 427

Representative Klopfenstein

To amend section 4909.192 and to enact section 1
4928.106 of the Revised Code to authorize 2
voluntary demand response programs for 3
residential and small commercial customers. 4

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 4909.192 be amended and section 5
4928.106 of the Revised Code be enacted to read as follows: 6

Sec. 4909.192. When considering an application to increase 7
rates under section 4909.18 of the Revised Code, the public 8
utilities commission may approve the following: 9

(A) Nondiscriminatory programs available for all energy- 10
intensive customers to implement economic development, job 11
growth, job retention, or interruptible rates that enhance 12
distribution and transmission grid reliability and promote 13
economic development. 14

(B) Nondiscriminatory programs available for all 15
mercantile customers, as defined in section 4928.01 of the 16
Revised Code, that align retail rate recovery with how 17
transmission costs are incurred by or charged to the electric 18
distribution utility, as defined in section 4928.01 of the 19
Revised Code, or programs that allow customers to be billed 20

directly for transmission service by a competitive retail 21
electric service provider. 22

(C) Nondiscriminatory programs available for residential 23
customers and small commercial customers, as defined in section 24
4928.101 of the Revised Code, that reduce demand at peak times 25
for purposes of grid reliability or to help lower customer 26
rates, including peak demand reduction programs under section 27
4928.106 of the Revised Code. Any programs to reduce demand 28
proposed in an application to increase rates shall include terms 29
permitting competitive retail electric service providers, 30
certified under section 4928.08 of the Revised Code, to offer 31
their customers access to these programs. 32

Sec. 4928.106. (A) As used in this section, "small 33
commercial customer" has the same meaning as in section 4928.101 34
of the Revised Code. 35

(B) An electric distribution utility may create a 36
voluntary demand response program to lower demand at peak times 37
for residential customers and small commercial customers as 38
described by this section. 39

(C) (1) Each demand response program under this section 40
shall be evaluated by the public utilities commission to 41
determine if the program is cost-effective for customers. To 42
determine if the program is cost-effective for customers, the 43
commission shall consider all of the following: 44

(a) The need for demand reduction based on capacity 45
prices; 46

(b) The long-term savings to the grid; 47

(c) Any other factors that the commission deems 48
appropriate. 49

(2) No electric distribution utility shall offer a demand 50
reduction program under this section unless the program is 51
approved by the commission. 52

(D) An electric distribution utility may enter into an 53
agreement with a residential customer or small commercial 54
customer for the customer to participate in the utility's demand 55
response program. 56

(E) For customers that participate in the program, the 57
utility may take actions to reduce the customer's load at peak 58
times, such as increasing the temperature on the customer's air 59
conditioner, reducing the temperature on the customer's hot 60
water heater, or cycling other appliances. 61

(F) A customer that participates in the program may 62
override the utility's action to reduce the customer's load for 63
any individual event. 64

(G) A utility may set rules that restrict a customer's 65
future participation in the utility's demand response program if 66
the customer overrides the utility's action pursuant to division 67
(F) of this section. 68

(H) A customer that agrees to participate in the utility's 69
demand response program shall be paid by the utility a fee on an 70
annual or per event basis approved by the commission. 71

(I) A utility or competitive retail electric service 72
provider may bid the demand response reductions from the 73
utility's demand response program into the capacity market of 74
the regional transmission organization approved by the federal 75
energy regulatory commission and having the responsibility for 76
maintaining reliability in all or part of this state. 77

(J) A utility that bids demand response reductions into 78

the capacity market shall use revenue earned from the bidding to 79
offset costs of the utility's demand reduction program. 80

(K) The commission may approve a performance incentive for 81
a utility with a voluntary demand response program based on 82
savings the program generates. 83

(L) Not more than three years after the effective date of 84
this section, the commission shall evaluate the success of the 85
utility demand response programs and make recommendations to the 86
legislature regarding bidding demand response into the capacity 87
market under division (I) of this section and any other 88
modifications to the programs that will enhance customer 89
benefits. 90

Section 2. That existing section 4909.192 of the Revised 91
Code is hereby repealed. 92