



The Marcellus Shale: STATE INCENTIVES TO PROMOTE NATURAL GAS USE

To provide an educational resource on the state and federal incentives promoting commercial and industrial natural gas use, the Marcellus Shale Coalition's (MSC) Gas Use Committee has assembled this document to promote increased use of natural gas across the region, and the nation.

OHIO

Incentive Description	Type
<p>PUC of Ohio Alternative Energy Portfolio Standard: Ohio's Alternative Energy Portfolio Standard (AEPS) contains "alternative energy resource" requirements for investor-owned utilities, and includes CHP. Any type of CHP, including fossil fuel-fired systems, qualify as an "advanced energy resource" which lists as part of its definition "any distributed generation system consisting of customer cogeneration of electricity and thermal output simultaneously, primarily to meet the energy needs of the customer's facilities."</p> <p>All types of CHP including fossil-fueled CHP and waste heat-to-power qualify as an advanced energy resource under the alternative energy targets, however, there are no annual compliance targets prior to 2025. All types of CHP and waste heat-to-power also qualify under Ohio's EEPS; however, projects can only take credits under one standard. Projects must start on or after January 1, 1998. S.B. 315 applies the following definition for CHP systems, they must be "designed to achieve thermal-efficiency levels of at least 60%, with at least 20% of the system's total useful energy in the form of thermal energy." puco.ohio.gov/puco/index.cfm/industry-information/industry-topics/ohioe28099s-renewable-and-advanced-energy-portfolio-standard/</p>	Portfolio Standard
<p>PUC of Ohio Interconnection Standards: The PUCO has adopted interconnection standards for distributed generation (DG), including CHP. Ohio's interconnection standards provide for three levels of review for the interconnection of DG including CHP systems <20 MW, which apply to customers of the State's investor-owned utilities. Both fossil-fueled and renewably-fueled CHP systems are eligible for standardized interconnection. Standardized interconnection applies to systems <20 MW.</p> <p>Each utility must provide applicants with a standard agreement, and must designate an employee or office to handle interconnection application requests. Utilities may not require additional liability insurance beyond proof of insurance. The rules include a provision for alternative dispute resolution, and for formal complaints brought by applicants and interconnected customers. Interconnection to area networks is generally permitted. Applicability: Commercial, Industrial, Residential, Nonprofit, Schools, Local Government, State Government, Fed. Government. dsireusa.org/incentives/incentive.cfm?Incentive_Code=OH07R&re=0&ee=0</p>	Interconnection Standard



OHIO

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<p>AEP Ohio's Custom Program: AEP Ohio offers commercial customers incentives to upgrade inefficient equipment in their facilities. AEP Ohio offers \$0.08/kWh (for one year energy savings) plus \$100/kW for AEP's demand reduction (at summer peak). The maximum incentive is 50% of cost, up to \$300,000 per project. The Custom Program helps reduce the payback period of equipment, promote energy efficiency and lower your electricity bill. The program is open to all non-residential customers of AEP Ohio, including commercial, industrial, nonprofit, schools, local government, state government, tribal government, federal government and institutional. aepohio.com/save/programs/CustomProgram.aspx</p>	Rebate
<p>AEP Ohio's Self Direct Incentive Program: The Self-Direct Program rewards qualifying customers who submit previous projects through one of two energy efficiency credit options:</p> <ul style="list-style-type: none"> -An energy efficiency credit payment of 75% of the calculated incentive amount for energy savings under the Prescriptive or Custom Program; or -An exemption from the Energy Efficiency/Peak Demand Reduction (EE/PDR) rider for a specified number of months. <p><i>Business customers who meet one of the following criteria are eligible:</i></p> <ul style="list-style-type: none"> -Annual energy usage greater than 700,000 kWh; or -A national or regional account with multiple facilities in one or more states. <p>Projects must produce verifiable and persistent energy savings (kWh) and/or peak demand reduction (kW), for at least five years from the date of installation (after January 1, 2009), through an increase in efficiency or through the use of load-shifting technologies. aepohio.com/save/programs/SelfDirectProgram.aspx</p>	Rebate
<p>Energy Conversion and Thermal Efficiency Sales Tax Exemption: A qualifying thermal efficiency improvement is defined as "the recovery and use of waste heat or waste steam produced incidental to electric power generation, industrial process heat generation, lighting refrigeration or space heating." Facilities must apply for an Exempt Facilities Certificate from the Department of Taxation, which must also be approved by the Development Services Agency. Upon receipt of certification from the tax commissioner, <i>such property is exempt from Ohio's sales and use tax.</i> dsireusa.org/incentives/incentive.cfm?Incentive_Code=OH04F&currentpageid=3&EE=1&RE=1</p>	Tax
<p>Qualified Energy Project Property Tax Exemption:The Qualified Energy Project Tax Exemption provides owners (or lessees) of renewable, clean coal, advanced nuclear, and cogeneration energy projects with an exemption from the public utility tangible personal property tax. In order to qualify, the owner or lessee subject to sale leaseback transaction must apply to Development Services Agency before December 31, 2015 for clean coal, advanced nuclear, and cogeneration projects. Eligible size: systems greater than 250 kW.</p> <p>If the project meets the requirements of the exemption, then the Director of Development will certify the project as a "Qualify Energy Project." Qualified Energy Projects will remain exempt from taxation so long as the project is completed within the statutory deadlines, meets the "Ohio Jobs Requirement," and continues to meet several ongoing obligations including providing Development Services Agency with project information on an annual basis.</p> <p>Cogeneration facilities must be placed into service by January 1, 2019, and have until December 31, 2015 to apply for certification as a qualifying energy project. development.ohio.gov/bs/bs_qepte.htm</p>	Tax



OHIO

Incentive Description	Type
<p>Ohio Air Quality Development Authority (OAQDA): Air-Quality Improvement Tax Incentives: OAQDA can provide a 100% exemption from the tangible personal property tax (on property purchased as part of an air quality project), real property tax (on real property comprising an air quality project), a portion of the corporate franchise tax (under the net worth base calculation), and sales and use tax (on the personal property purchased specifically for the air quality project only) as long as the bond or note issued by OAQDA is outstanding. Furthermore, interest income on bonds and notes issued by OAQDA is exempt from state income tax (and may be exempt in certain cases from the federal income tax).</p> <p>Qualifying air quality facilities, which can be financed through the OAQDA, include:</p> <ul style="list-style-type: none"> ·Projects that modify or replace property, processes, devices, equipment, or structures that removes (or otherwise reduces, stores) air pollution and air contaminants. ·Any energy efficiency or conservation project. <p>Eligible Technologies include: Lighting, Chillers , Boilers, Central Air conditioners, CHP/Cogeneration, Processing and Manufacturing Equipment, and Custom/Others pending approval. ohioairquality.org/clean_air/large_bus_financial_benefits.asp</p>	Tax
<p>Ohio Energy Loan Fund: Energy Loan Fund is a program that provides low-cost financing to <i>small businesses, manufacturers, nonprofits, and public entities</i> for energy improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and/or create or retain jobs. Funding is provided through the Advanced Energy Fund and federal State Energy Program and American Recovery and Reinvestment Act. Eligible activities include energy retrofits, energy distribution technologies and renewable energy technologies. Projects must achieve 15 percent reduction in energy usage, demonstrate economic and environmental impacts and be included within a long-term energy strategy of the community served.</p> <p>Interested entities should review the program guidelines to determine the eligibility of their proposed projects. Funding is made available through federal and state resources, therefore all projects awarded loan funds must comply with the associated federal or state requirements. development.ohio.gov/bs/bs_energyloanfund.htm</p>	Loan
<p>PUC of Ohio Energy Efficiency Portfolio Standard: Ohio's Energy Efficiency Portfolio Standard (EEPS) includes CHP and waste energy recovery (WER) as qualified efficiency measures. All types of CHP and waste heat-to-power qualify under the EEPS. Under the energy savings component of the EEPS, projects must have commenced operation or have been retrofitted on or after September 10, 2012 to qualify. Topping-cycle CHP systems at state institutions of higher education may qualify if they were placed into service between January 1, 2002 and December 31, 2004.</p> <p>CHP is defined as the "co-production of electricity and useful thermal energy from the same fuel source designed to achieve thermal-efficiency levels of at least 60% with at least 20% of the system's total useful energy in the form of thermal energy." epa.gov/chp/policies/policies/ohohioenergyefficiencyportfoliostandard.html</p>	Portfolio Standard