

OHIO BIOMASS ENERGY PROGRAM

Summer 2009

Promoting the development of renewable energy resources in Ohio, including wood and agricultural residues; ethanol and biodiesel biofuels; landfill gas to energy; and energy crops.

PUCO revises alternative energy portfolio standard rules

In April, The Public Utilities Commission of Ohio (PUCO) issued an opinion and order adopting rules to implement the alternative energy portfolio standard created by Amended Substitute Senate Bill 221. The rules also incorporate new requirements for energy efficiency, long-term forecast and greenhouse gas reporting and carbon dioxide control planning.

Public stakeholders in the process had 30 days to file for rehearing of the Commission's decision. On June 17, the Commission issued its entry on rehearing and revised the rules based upon arguments raised by various parties. The Commission will file the rules with the Joint Committee on Agency Rule Review, a legislative panel, for final approval.

Ohio's alternative energy portfolio standard requires that by 2025, at least 25 percent of electricity sold in the state by electric distribution utilities and electric services companies must be generated from alternative energy resources. At least half of this must come from renewable energy resources, including wind, biomass, hydro and fuel cells, and a minimum of one-half percent must come directly from solar resources. One half of these renewable energy facilities must be located in Ohio.

Ohio's Renewable Energy Benchmarks

	Renewable Energy	Solar Energy
2009	0.25%	0%
2014	2.5%	0.12%
2019	7.5%	0.3%
2024	12.5%	0.5%

The rules adopted by the Commission put into practice annual benchmarks, or incremental percentage requirements, which electric utilities and service companies must meet to fulfill the renewable portion of the portfolio standard. These benchmarks are abridged in the chart to the left.

cont. on p. 2



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House Bill 2

Also in April, Gov. Ted Strickland signed into law Amended Substitute House Bill 2 which added as a possible category of alternative energy resources, a renewable energy resource created on or after Jan. 1, 1998, by the modification or retrofit of a generating facility placed in service before January 1, 1998. HB 2, which takes effect on July 1, also included a credit multiplier for certain biomass facilities. It will allow more than one renewable energy credit (REC) to be created for each megawatt hour of energy produced by an Ohio generating facility of 75 megawatts or greater that has committed by Dec. 31, 2009, to modify or retrofit its generating unit or units to enable generation principally from biomass energy by June 30, 2013.

Specifically, HB 2 provides that the energy generated cannot equal less than one REC and can equal more, based on a formula. The REC value is obtained by multiplying the actual percentage of biomass feedstock heat input used to generate such megawatt hour by the quotient obtained by dividing the then existing alternative compliance payment by the then existing market value of one REC.

At least one Ohio utility is planning such a facility. FirstEnergy recently announced plans to convert two generating units at its R.E. Burger plant in Shadyside, Ohio from coal-fired to principally using biomass fuel for electricity generation.



REC Certification

In order to be certified as a renewable energy resource facility and to be eligible to generate RECs that may be used for compliance with Ohio's alternative energy portfolio standard, a facility must be certified by the PUCO. The Commission may grant certification on a case by case basis prior to the effective date of the rules. Certification applications and filing instructions are available on the PUCO website, at www.puco.ohio.gov/PUCO/FORMS.

The text of the adopted rules is available on the PUCO website at www.PUCO.ohio.gov/PUCO/rules.

To receive our latest newsletter, send an e-mail to listserv@lists.puc.state.oh.us with a blank subject line and the following in the body of the message:
subscribe ohio biomass yourfirstname yourlastname.

Program details for the Ohio Energy Program through the American Recovery and Reinvestment Act

Lisa Patt-McDaniel, Interim Director of the Ohio Department of Development, and Mark Shanahan, energy adviser to Governor Ted Strickland, announced last month that the State of Ohio filed its proposal for use of \$96 million in State Energy Program funds, which have been allocated to Ohio by the U.S. Department of Energy through the American Recovery and Reinvestment Act (ARRA). The proposal outlines objectives and goals for how the ARRA funds will be utilized to create jobs in Ohio, and develop advanced energy applications. The proposal is subject to review and approval by the Department of Energy.

The Ohio Department of Development will provide information on each of the program initiatives to companies, non-profits, communities and other entities that submitted proposals through Recovery. Ohio.gov. This process will include applications for each of the specific initiatives in order to determine eligibility and viability of the proposal to be supported with this critical funding.

A summary of the initiatives in Ohio's State Energy Program proposal is as follows:

- ◆ Developing Renewable Energy in Ohio – \$35 million toward increasing renewable energy projects that will propel Ohio forward in the solar, wind and biomass waste industries, and deploying related technologies in combination with fuel cells and energy storage for electricity, heat, biofuel and bioproducts.
- ◆ Making Efficiency Work – \$8 million will fund grants to conduct commercial and residential building retrofits in existing and new construction to attain greater energy efficiency.
- ◆ Targeting Industry Efficiency – \$15 million will fund grants to the manufacturing companies seeking to improve the sustainability of Ohio industry and build expertise and awareness in industrial carbon management projects.
- ◆ Banking on New Energy Financing – \$30 million will transform the energy finance landscape in Ohio by creating an Energy Alliance and bringing more significant funding to energy efficiency and renewable energy projects.

- ♦ Setting the Stage for Ohio's Carbon Management Strategy – \$500,000 will be deployed to identify industries and businesses seeking to lessen their carbon footprint, assess the economic impacts, and develop scenarios to provide policy guidance for future energy efficient economic development.

The remaining funds will be used to ensure appropriate oversight, reporting, administration and implementation over the three-year grant period.

For additional information on the Ohio Energy Program and the ARRA, please visit <http://development.ohio.gov/recovery/StateEnergyProgram.htm>.

Ohio Department of Development announces bioenergy grant



The Ohio Department of Development (ODOD) has announced awards for its biomass waste-to-energy grant funding, focusing on projects using anaerobic digestion technology within Ohio's farm communities. Anaerobic digester systems utilize wastes, such as manure or food wastes, to produce biogas which can be used to generate heat or electricity.

Two anaerobic digestion projects will receive support from Ohio's Advanced Energy Fund administered by the Ohio Energy Office. Schmack Biomass was awarded a \$500,000 grant toward construction of a system utilizing farm and food processing wastes on The Ohio State University's Wooster campus, Ohio Agricultural Research and Development Center, in coordination with the Agricultural Technical Institute. Another \$500,000 grant is expected to be awarded later this year for an anaerobic digester project at Mill Creek Dairy in Williams County.

The ODOD biomass waste-to-energy program guidelines were developed with technical assistance from the Public Utilities Commission of Ohio and the Ohio Department of Agriculture. The program is supported by Ohio's Advanced Energy Fund which is funded by the rate-payers of Ohio's investor-owned electric distribution utilities through a bill rider.

Two biogas projects utilizing food processing wastes were awarded funding pursuant to H.B. 119 of the 127th General Assembly. The Pearl Valley Cheese Company, located in Coshocton County, was awarded \$500,000 for a project that will eliminate land application of wastes, in addition to a \$1 million grant awarded last year for a project at the Bellisio Foods plant in Jackson County.

USDA Energy Grant and Loan Guarantee Program announced



Committed to the future of rural communities.

The U.S. Department of Agriculture, Rural Development has announced a request for grant and guaranteed loan applications from agricultural producers and rural, small for-profit businesses for renewable energy systems and energy efficiency improvements under the Rural Energy for America Program (2008 Farm Bill Section 9007).

Applications for Ohio projects must be received in the Rural Development State Office in Columbus by July 31, 2009. The maximum grant amount remains unchanged from previous years: \$250,000 for energy efficiency improvement projects and \$500,000 for renewable energy projects. A grant request may not exceed twenty-five percent of a project's eligible costs.



Claes Oldenburg, Giant Three-Way Plug
Allen Memorial Art Museum, Oberlin College

The limit for loan guarantees has been raised to \$25 million. Loan requests of \$600,000 or less are eligible to receive an 85 percent loan guarantee. The loan guarantee can help to reduce the lender's risk and provide better rates and terms to the borrower.

Additionally, priority consideration is being given to projects requesting grants of less than \$20,000. Combined loan guarantee and grant applications may also be filed this year and could receive priority consideration.

The Federal Register announcement is available at <http://edocket.access.gpo.gov/2009/pdf/E9-12178.pdf>.

For application forms and information, please contact Randy Monhemius, Rural Energy Coordinator at 614-255-2424 or e-mail at Randy.Monhemius@oh.usda.gov.

Save the date: Upcoming biomass events

20th Anniversary Energy Fair

June 19-21, 2009

Presented by: Midwest Renewable Energy Association
Custer, Wisconsin

http://www.the-mrea.org/energy_fair.php

17th European Biomass Conference and Exhibition

June 29-July 3, 2009

Presented by: Institute for Energy, Joint Research Centre, European Commission

Hamburg, Germany

www.conference-biomass.com

BioPower Generation Conference

July 8-9, 2009

Presented by: GreenPower Conferences
Chicago, Illinois

<http://www2.greenpowerconferences.co.uk/v8-12/Prospectus/Index.php?sEventCode=BG0906US>

Biomass 09: Power, Fuels, and Chemicals Workshop

July 14-15, 2009

Presented by: The Energy & Environmental Research Center (EERC) at the University of North Dakota

Grand Forks, North Dakota

<http://www.undeerc.org>

Farm Science Review

Sept. 22-24, 2009

Presented by: The Ohio State University's College of Food, Agricultural, and Environmental Sciences: Resident Instruction Programs, OSU Extension and Ohio Agricultural Research and Development Center

Molly Caren Agricultural Center

London, Ohio

<http://fsr.osu.edu>

9th Annual BioCycle Conference On Renewable Energy From Organics Recycling

Oct. 19-21, 2009

Presented by: BioCycle
Minneapolis, Minnesota

www.jgpress.com

Renewable Energy & Energy Efficiency Workforce Education

Nov. 18-20, 2009

Presented by: New York State Energy Research and Development Authority, Interstate Renewable Energy Council

Albany, New York

http://www.meetmax.com/sched/mie1109/~public/conference_home.html?event_id=3120



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