



Ohio Administrative Code Rule 4901:1-39-01 Definitions.

Effective: [March 26, 2020](#)

(A) "Achievable potential" means the reduction in energy usage or peak demand that would result from the expected adoption by electricity consumers of the most efficient and cost-effective commercially available energy efficiency measures, taking into account applicable societal and market-related barriers to customer adoption of those measures. Achievable potential is a subset of "economic potential."

(B) "Annualized energy savings" means the recognition, in the year of installation or implementation, of the total amount of energy savings that would be achieved in a full year of service, regardless of the actual date of installation or implementation.

(C) "Anticipated savings" means the reduction in energy usage or peak demand that is expected to accrue from program participation.

(D) "Benchmark comparison method" means the comparison of customer's energy efficiency savings percentage to the electric utility's statutorily required energy efficiency savings percentage, for the purpose of determining the length of the rider exemption that the customer may receive for dedication of its energy efficiency savings to the electric utility.

(E) "Coincident peak-demand savings" means the demand savings resulting from energy efficiency measures that occur during the summer on-peak period which is defined as June through August on weekdays between two p.m. and six p.m.

(F) "Combined Heat and Power System" means the coproduction of electricity and useful thermal energy from the same fuel source designed to achieve thermal-efficiency levels of at least sixty per cent, with at least twenty per cent of the system's total useful energy in the form of thermal energy.

(G) "Commission" means the public utilities commission of Ohio.



(H) "Cost-effective" means that the measure, program, or portfolio being evaluated satisfies the total resource cost test or utility cost test, as applicable.

(I) "Demand response" means a change or potential change in customer behavior or a change in customer-owned or operated equipment that reduces the demand for electricity during specified time periods as a result of price signals or other incentives.

(J) "Economic potential" means the reduction in energy usage or peak demand that would result if all electricity consumers adopted the most efficient, cost-effective commercially available energy efficiency measures. Economic potential is a subset of technical potential.

(K) "Electric utility" has the meaning set forth in division (A)(11) of section 4928.01 of the Revised Code.

(L) "Energy baseline" means the annual average total kilowatt-hours of distribution service sold to retail customers of the electric utility in the preceding three calendar years as reported in the electric utility's most recent long-term forecast report, pursuant to division (A)(2)(a) of section 4928.66 of the Revised Code.

(M) "Energy benchmark" means the annual level of energy savings that an electric utility must achieve as provided in division (A)(1)(a) of section 4928.66 of the Revised Code.

(N) "Energy efficiency" means reducing the consumption of electrical energy, without substitution from other energy sources, while maintaining or improving the end-use customers existing level of functionality, or while maintaining or improving the utility system functionality, or producing electricity from waste energy recovery systems or producing electricity from combined heat and power systems.

(O) "Gross savings" means the energy and demand savings that result from program activities without regard to the reasons behind the decision to participate in those programs.

(P) "Independent program evaluator" means the person(s) chosen by the commission, to monitor, verify, evaluate and report on one or more of the following activities:



- (1) Electric energy savings and peak-demand reductions resulting from electric utility energy efficiency and peak demand reduction programs, as reported in the electric utility's annual performance verification process, pursuant to rule 4901:1-39-05 of the Administrative Code.
- (2) Electric utility energy efficiency portfolio plan design and implementation, including evaluation of the plans programs, measures, and cost effectiveness, and make recommendations for improvement.
- (3) Recommend updates to the technical reference manual, as necessary, pursuant to changes in regulations, equipment availability, and market conditions.
- (4) Appropriateness and reasonableness of all costs included in any riders designed to recover the costs of energy efficiency portfolio plan implementation from ratepayers.
- (5) Perform other due-diligence reviews of evaluations and/or documentation provided by an electric utility or mercantile customer, as directed by the commission or its staff.

Such person shall work at the sole direction of the commission. If a person other than staff is chosen by the commission as an independent program evaluator, that person shall contract with the electric utility for payment for the work activities, and work at the direction of the commission or its staff.

(Q) "Measure" means any material, device, technology, operational practice, or educational program that makes it possible to deliver a comparable level and quality of end-use electrical energy service while using less electrical energy or capacity than would otherwise be required.

(R) "Mercantile customer" means a commercial or industrial customer if the electricity consumed is for nonresidential use and the customer consumes more than seven hundred thousand kilowatt hours per year or is part of a national account involving multiple facilities in one or more states, as set forth in division (A)(19) of section 4928.01 of the Revised Code.

(S) "Non-energy benefits" mean positive non-monetized impacts that do not affect the calculation of program cost-effectiveness pursuant to the total resource cost test including but not limited to low-



income customer participation in utility programs, reductions in greenhouse gas emissions, reductions in regulated air emissions, reductions in natural resource depletion, enhanced system reliability, or advancement of state policy as itemized in section 4928.02 of the Revised Code.

(T) "Peak demand," when measuring reduction programs, means the average maximum hourly electricity usage during the highest one hundred hours on the electric utility's system in a calendar year.

(U) "Peak-demand baseline" means the annual average of peak demand on the electric utility's system in the preceding three calendar years as reported in the electric utility's most recent long-term forecast report, pursuant to division (A)(2)(a) of section 4928.66 of the Revised Code.

(V) "Peak-demand benchmark" means the reduction in peak demand an electric utility's system must achieve, or have the capability to achieve, as provided in division (A)(1)(b) of section 4928.66 of the Revised Code.

(W) "Person" shall have the meaning set forth in division (A)(24) of section 4928.01 of the Revised Code.

(X) "Program" means a single offering that includes one or more measures provided to electricity consumers.

(Y) "Shared savings" means the percentage of the net savings that a distribution electric utility may earn in any year in which it exceeds a statutory energy efficiency and/or peak demand reduction benchmark. The net savings is the difference in the present value of the EDU's portfolio of avoided generation, transmission and distribution costs minus the total costs of the energy efficiency programs inclusive of each programs measurement and verification costs. The net savings do not include banked savings or any savings related to historical mercantile programs, transmission and distribution infrastructure projects, customer action programs, and special improvement districts as defined in section 1710.01, Revised Code.

(Z) "Staff" means the public utilities commission's staff or authorized representative.



(AA) "Technical potential" means the reduction in energy usage or peak demand that would result if all electricity consumers adopted the most efficient commercially available energy efficiency measures.

(BB) "Total resource cost test" means an ex-ante analysis to determine if, for an investment in energy efficiency or peak-demand reduction measure or program, on a life-cycle basis, the present value of the avoided supply costs for the periods of load reduction, valued at marginal cost, are greater than the present value of the monetary costs of the demand-side measure or program borne by both the electric utility and the participants, plus the increase in supply costs for any periods of increased load resulting directly from the measure or program adoption. Supply costs are those costs of supplying energy and/or capacity that are avoided by the investment, including generation, transmission, and distribution to customers. Demand-side measure or program costs include, but are not limited to, the costs for equipment, installation, operation and maintenance, removal of replaced equipment, and program administration, net of any residual benefits and avoided expenses such as the comparable costs for devices that would otherwise have been installed, and the salvage value of removed equipment.

(CC) "Useful thermal energy" means the thermal energy output of a CHP system that is recovered for use by the facility.

(DD) "Utility cost test" means a benefit-cost test where benefits are avoided utility costs resulting from the demand-side management program, and costs are those incurred by the EDU, including incentive costs and excluding any direct customer costs. The utility cost test is also known as the program administrator cost test.

(EE) "Verified savings" means an annual reduction of energy usage or peak demand from an energy efficiency or peak-demand reduction program directly measured or calculated using methods found in the Ohio technical reference manual or other reasonable statistical and/or engineering, as approved by the commission.

(FF) "Waste Energy Recovery System" shall have the same meaning as set forth in division (A)(38) of section 4928.01 of the Revised Code.