



## Ohio Administrative Code

### Rule 4901:1-40-07 Cost cap.

Effective: March 26, 2020

---

(A) By no later than April fifteenth of each compliance year, electric utilities and electric services companies shall calculate their status relative to the statutory three per cent cost provision during the most recent compliance year. Electric services companies may be excused from this requirement pursuant to paragraph (A)(3)(g) of rule 4901:1-40-05 of the Administrative Code. Alternatively, an electric utility or electric services company may file an application with the commission for review of its cost cap calculation prior to the date required in rule 4901:1-40-05 of the Administrative Code.

(1) A discretionary three per cent cost cap is applicable to the renewable energy benchmarks specified in division (B)(2) of section 4928.64 of the Revised Code.

(2) An electric utility or electric services company shall pursue all reasonable compliance options prior to requesting relief from compliance with the renewable energy resource requirements based on the three per cent cost cap.

(3) In the case that the commission makes such a determination that an electric utility or electric services company's compliance costs exceed the applicable three per cent cost cap, the electric utility or electric services company may not be required to fully comply with the renewable energy benchmarks specified in division (B)(2) of section 4928.64 of the Revised Code.

(B) The calculation of the company's status relative to the statutory three per cent cost provision shall follow the multi-step process as detailed in this rule. If full compliance with the applicable benchmark would prompt a company to exceed the three per cent cost provision, the company may seek relief from the commission for that incremental portion of its compliance obligation.

(1) Determine the compliance baseline in megawatt-hours for the compliance year consistent with the applicable section of paragraph (B) of rule 4901:1-40-03 of the Administrative Code.

(2) Calculate a reasonably expected dollar per megawatt-hour figure for the compliance year.



- (a) For an electric utility, the dollar per megawatt-hour figure should be a weighted average of the reasonably expected cost of the SSO supply for delivery during the compliance year, net of distribution losses.
- (b) For electric service companies, this dollar per megawatt-hour figure should be a weighted average of the reasonably expected cost of supply for delivery during the compliance year, net of distribution system losses.
- (3) Calculate the total cost by multiplying the dollar per megawatt-hour figure in paragraph (B)(2) of this rule by the compliance baseline calculated in paragraph (B)(1) of this rule.
- (4) Multiply the total cost in paragraph (B)(3) of this rule by three per cent.