



Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMERS' FACT SHEET

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UNDERSTANDING DISTRIBUTED GENERATION

What is distributed generation?

Traditionally, electricity has been generated by large power plants (coal and nuclear, for example) and delivered to your home through the electric grid. Distributed generation is different. With distributed generation, electricity is generated or stored in smaller quantities on-site.

For residential consumers, the typical example is rooftop solar. Other examples include backup generators, local wind turbines, battery storage, and combined heat and power systems used at some large manufacturers and universities.

Most distributed generation systems range from producing a few kilowatts to several hundred megawatts and are located close to where the electricity will be used. They are typically owned and operated by residential consumers or businesses that use them to produce their own electricity.

The number of consumers who utilize distributed generation is still relatively small in Ohio, but those who do can connect to the electric grid and take advantage of net metering regulations. And as battery storage becomes more reliable and affordable, customers will increasingly be able to generate their own electricity and store it to use later.

Utilizing distributed generation

For most residential consumers who use a small-scale power source at their home, the system must be connected to a utility's grid and a "net metering" program must be used. Net metering is a program offered by a utility company for customers who generate their own electricity. The power produced can be used to offset all or a portion of the electricity provided by the utility.

Cost is a major consideration when deciding whether distributed generation is a feasible option. A 4 kilowatt residential solar system could cost \$10,000 or more (including potential increases to your property taxes, depending on where you live), so it could take many years for a customer to break even on the energy saved.

The amount of money you save on energy bills will depend on how much energy you and your family use each month, how much energy you produce, whether your home is heated by electricity or natural gas, and your utility's net metering options.

Distributed generation is one of many options that consumers have to customize their usage and control their energy costs.

Who can help?

For more information on distributed generation or other ways you can take control of your energy usage, visit www.occ.ohio.gov.