

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Verification	)	
Of the Energy Efficiency and Peak	)	
Demand Reductions Achieved by the	)	Case No. 12-665-EL-UNC
Electric Distribution Utilities Pursuant	)	
To Section 4928.66 Revised Code	)	

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**COMMENTS OF OHIO PARTNERS FOR AFFORDABLE ENERGY**

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**I. INTRODUCTION**

On January 27, 2010, the Public Utilities Commission of Ohio (“PUCO” or “Commission”) directed Staff to engage a qualified consultant to perform a statewide evaluation of energy efficiency programs. Evergreen Economics (“Evergreen”) was ultimately hired to conduct the evaluation. Entry at 2 (October 3, 2012). On August 29, 2012, the Evergreen report, “Report of the Ohio Independent Evaluator for 2009 and 2010” (“Report”). By Entry issued on October 3, 2012, the PUCO establishing a comment period, inviting initial and reply comments. Id.

Ohio Partners for Affordable Energy generally agrees with the report but offers the following comments on several of the report’s conclusions and recommendations, while adding additional issues ignored by the report.

**II. COMMENTS**

**A. AEP Community Assistance Program**

OPAE offers two clarification regarding the description and impact of AEP’s Community Assistance Program. First, the program is delivered through a network of 35 member agencies operating in the AEP service territory, not 70 as noted in the

report. Second, as the report notes, production and savings were negligible in 2010. This is because the contract was not finalized until July and agencies were dealing with the influx of funding from the American Recovery and Reinvestment Act (“ARRA”). Production began in earnest in 2011, with a first quarter expenditure of over \$2.2 million, and a total expenditure through 2011 of almost \$13 million, with a total savings of 13.7 GWh, amounting to 13.75% of the portfolio savings in 2011.

#### **B. FirstEnergy Community Connections Program**

The Report indicates that the 2009 Community Connections Program was not cost-effective, with a TRC test of .26. OPAE notes that direct install low income programs rarely pass a TRC test. However, the TRC score in 2009 was significantly reduced by the fact that approximately 60% of all funds were used for roof repairs and replacements, and electrical upgrades. Community Connections is a legacy program which permitted these expenditures. The influx of ARRA funds resulted in a need for repair funds, which FirstEnergy accommodated. There is now a cap of 15% on funds used for health and safety, which should increase the TRC of the program to between 0.5 and 0.6, at the high end nationwide of electric programs focusing on baseload measures.

Evergreen also raised issues regarding savings calculations in 2010. Community Connections is on a June through May contract. As noted above, it is a legacy program. During the beginning of 2010, savings were calculated using an impact evaluation of a program that is virtually identical from a measure standpoint, Ohio’s Electric Partnership Program (“EPP”). That evaluation used bill impact analysis. The 2010 – 2011 program shifted to using the TRM, which produces significantly

higher savings per job than the billing analysis used to evaluate EPP. This analysis, prepared by Michael Blasnik, can be obtained from OPAE by request; it is no longer available through the State's website.

**C. Savings from mercantile programs should be calculated using the 'as found methodology.'**

OPAE believes that efficiency should be calculated based on the "as-found" method. A three year baseline determines consumption, reflecting the usage of existing equipment. Every kilowatt or therm that is not consumed to provide utility service should be eligible for counting under O.R.C. § 4928.66 so long as it can reasonably be traced to the use of energy efficiency technologies and techniques. Obviously, certain adjustments such as weather normalization for temperature sensitive measures need to be made to determine a baseline. A system that gives value to the actual reductions, which the as-found method accomplishes, is simpler and offers a more accurate representation of the impact of efficiency initiatives.

Mercantile customers can commit the savings from energy efficiency projects to the utilities for the purpose of meeting statutory requirements. Ohio is an old industrial state. Equipment remains in use far beyond the 'lifetime' as determined by evaluators (as do our powerplants). In residential programs when doing shell measures, the savings is calculated from the level of inefficiency observed in the home when work begins – the 'as found' methodology. The same approach should be applied the mercantile projects.

### **III. ADDITIONAL ISSUES**

#### **A. Permit savings produced by expenditures leveraged using utility funds.**

OPAЕ and other parties have repeatedly requested that utilities be permitted to count savings produced by leveraged funds. This is essentially what occurs in rebate programs; the customer pays part of the cost and the utility counts the entire incremental savings. It is not clear that leveraged savings from low income programs can be counted.

Ohio's low income programs are technically superior and more innovative than those operating in many states. Our network has been doing combo jobs – jobs that combine federal, state, and utility money – for over 25 years. By providing comprehensive services, there is a synergistic impact on that increases savings in a home. Our network collects data on the shell, appliance, and HVAC measures that are installed, allowing the impacts of all savings to be accurately calculated. The impact of shell measures paid for with other resources also results in kWh savings, which complement the savings produce by refrigerator replacements, CFL installation, and a host of other measures paid for by utilities. Since all of the measures are ultimately paid for by taxpayers and ratepayers, who are the same people, it only makes sense to count all savings for the purposes of compliance.

#### **B. Residential retrofit programs sponsored by natural gas and electric utilities should be combined.**

OPAЕ knows, based on its members 30+ years of experience in residential weatherization, that the most effective programs combine natural gas and electric measures. There is greater efficiency in delivery and the whole has approach yields higher savings and lower bills. Moreover, it is extremely difficult to make electric

retrofit programs cost-effective when electricity is not used for heating and/or the air conditioning load is marginal.

OPAE participates in collaboratives of the seven major utilities. Along with Staff, OPAE has urged utilities to work together to combine programs. This has not occurred. The only alternative we see is combining residential retrofit programs into a statewide effort under a single primary contractor to ensure program coordination.

The only alternative to this approach is to permit natural gas and electric savings to be converted to Btu's and shared among the utilities based on the percentage of funding provided. This would overcome the major barrier to combining programs so customers can receive comprehensive services.

One way or another, these programs must be coordinated or they will not grow and significant efficiency potential will be squandered.

### **C. Cease use of the TRC test to evaluate cost-effectiveness of DSM portfolios.**

The TRC test is a vestige of a time when utilities were vertically integrated and avoiding additional capacity costs was the only justification for DSM. The National Home Performance Council has led an effort to develop new tests, but evaluators seem so attached to the existing tests with which they are familiar that efforts to develop a new evaluation criteria that is relevant in a deregulated market have not borne fruit.

OPAE recommends that the Commission adopt the SIR test used in low income weatherization programs. A measure would be eligible if the savings to investment ratio is greater than one. This is consistent with capturing all cost-effective efficiency. The second component, which has been adopted in several cases

through stipulations for the purposes of calculating shared savings incentives, is to evaluate utility programs under the Utility Cost Test (“UCT”). Combining all measures that provide an SIR of greater than one with the UTC as a mechanism to determine the appropriate level of utility investment will greatly increase the universe of potential efficiency measures while managing utility expenditures – actually ratepayer expenditures – to ensure the biggest bang for the buck.

#### **IV. CONCLUSION**

Efficiency remains the best investment ratepayers can make to provide essential energy services. Lowering customer usage and system demand reduces the need for expensive investment in new powerplants, investments which are not occurring in the deregulated marketplace. Efficiency investments are also an insurance policy for customers, a hedge against rising energy prices that will continue to pay dividends. Efficiency is also the best tool to reduce the environmental impacts associated with fossil fuel use. Residential energy professionals widely acknowledge that before solar and small wind is installed the home should be made as efficient as possible to reduce the cost of the generation systems. The same is true on the broader scale represented by wholesale markets. Ohio should push to lead the country in efficiency. Greater efficiency will spur our economy, create jobs, and produce additional business investments in the state. Efficiency is as important as roads and rail lines to the economic future of Ohio and investment in a more secure energy future should be a priority.

Respectfully submitted,

/S/ David C. Rinebolt

David C. Rinebolt

Executive Director

Ohio Partners for Affordable Energy

231 West Lima Street

Findlay, OH 45840

Telephone: (419) 425-8860

FAX: (419) 425-8862

[drinebolt@ohiopartners.org](mailto:drinebolt@ohiopartners.org)

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of Ohio Partners for Affordable Energy were served electronically upon the persons identified below in this case on this 2nd day of November 2012.

/s/David C. Rinebolt  
David C. Rinebolt

Steven Nourse  
American Electric Power Service  
Corp.  
1 Riverside Plaza, 29<sup>th</sup> Floor  
Columbus, OH 43215

Kathy J. Kolich  
FirstEnergy Service Company  
76 South Main St.  
Akron, OH 44308

Stephen Seiple  
Columbia Gas of Ohio  
PO Box 117  
Columbus, OH 43215

Candice M. Jones  
Janet K. Stoneking  
Ohio Department of Development  
PO Box 1001  
Columbus, OH 43216-1001

Thomas McNamee  
Assistant Attorneys General  
Public Utilities Section  
180 East Broad Street, 6<sup>th</sup> Floor  
Columbus, OH 43215

Thomas J. O'Brien  
Bricker & Eckler  
100 S. Third St.  
Columbus, OH 43215-4291

Randall V. Griffin  
The Dayton Power & Light  
Company  
1065 Woodman Drive  
Dayton, OH 45432

Samuel C. Randazzo  
McNees Wallace & Nurick  
21 East State St., 17<sup>th</sup> Floor  
Columbus, OH 43215-4228

Mark A. Whitt  
Whitt Sturtevant LLP  
PNC Plaza, 20<sup>th</sup> Floor  
122 East Broad Street  
Columbus, OH 43215

Nolan Moser  
The Ohio Environmental Council  
1207 Grandview Ave., Suite 201  
Columbus, OH 43212-3449

Amy B. Spiller  
Duke Energy Ohio  
139 Fourth St. 25 Atrium II  
Cincinnati, OH 45202

Mary W. Christensen  
Christensen, Christensen & Owens  
100 East Campus View Blvd, #360  
Columbus, OH 43235

Amy Spiller  
Elizabeth H. Watts  
Duke Energy Ohio  
PO Box 960  
Cincinnati, OH 45201-0960

David A. Kutik  
Jones Day  
901 Lakeside Avenue  
Cleveland, OH 44114

Bruce J. Weston  
Office of the Ohio Consumers'  
Counsel  
10 West Broad St., Suite 1800  
Columbus, OH 43215-3485

Thomas J. O'Brien  
Bricker & Eckler  
100 South Third St.  
Columbus, OH 43215-4291

Michael Kurtz  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

Theodore Robinson  
Citizen Power  
2121 Murray Avenue  
Pittsburgh, PA 15217



Amanda Moore  
Environment Ohio  
203 E. Broad St., Suite 3  
Columbus, OH 43215

Robert Kelter  
Environmental Law & Policy Center  
35 East Wacker Drive, Suite 1600  
Chicago, IL 60601

Henry Eckhart  
50 West Broad St., Suite 2117  
Columbus, OH 43215

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