

In the Matter of the Commission's)
Investigation of Ohio's Retail Electric) Case No. 12-3151-EL-COI
Service Market.)

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COMMENTS

1. The Commission should require all electric utilities to bid anticipated eligible savings from statutorily required EE and PDR programs into the PJM capacity market

ELPC reiterates its support for a statewide requirement that all electric utilities bid anticipated eligible savings from statutorily required EE and PDR programs into the PJM capacity market. This position was echoed by a diverse group of interested parties in the initial comment period, including AARP,¹ Advanced Energy Economy Ohio,² Nucor Steel Marion, Inc.,³ the Ohio Energy Group,⁴ and the Ohio Consumers' Counsel.⁵

ELPC commends the Commission for its recent order in FirstEnergy's energy efficiency and peak demand portfolio case (PUCO Case No. 12-2190-EL-POR) in which the Commission required FirstEnergy to bid 75% of eligible anticipated resources into the upcoming PJM Base Residual Auction. As other commenters in this proceeding have noted, bidding EE and PDR resources into the PJM capacity market generates revenue to offset the costs of the EE and PDR programs and can lower the cost of capacity paid by ratepayers. The Commission should build on its order in 12-2190 and require all Ohio utilities to bid their eligible anticipated resources.

2. Energy efficiency programs are beneficial to Ohioans

The energy efficiency standard, which, pursuant to Ohio Revised Code § 4928.66, requires utilities to meet a cumulative annual savings of greater than 22% by the end of 2025, has proven to be a highly effective way to reduce Ohio's energy needs. The programs implemented by utilities to meet the standard are required by law to be cost-effective, which means they must save customers more than they cost. OAC § 4901:1-39-04. Despite this statutory requirement,

¹ Comments of AARP, PUCO Docket No. 12-3151-EL-COI, at 13-14 (February 27, 2013).

² Comments of AEE Ohio, PUCO Docket No. 12-3151-EL-COI, at 11-12 (March 1, 2013).

³ Comments of Nucor Steel Marion, Inc., PUCO Docket No. 12-3151-EL-COI, at 20-21 (March 1, 2013).

⁴ Comments of the Ohio Energy Group, PUCO Docket No. 12-3151-EL-COI, at 4-5, FN 2 (March 1, 2013).

⁵ Comments by the Office of the Ohio Consumers' Counsel, PUCO Docket No. 12-3151-EL-COI, at 21-22 (March 1, 2013).

FirstEnergy claims that energy efficiency measures “provide no direct benefit to customers that do not directly participate in those programs.”⁶ There is no merit to this claim, and it should be ignored by the Commission.

Every \$1 utilities spend on Ohio energy efficiency programs generates a minimum savings of \$1.34.⁷ This cost effectiveness is enforced by the Commission in contested case proceedings. During these proceedings the Commission also ensures that the utilities are running programs that are designed to meet the statutory standards. Once the plans are approved, the Commission continues to monitor the implementation through annual reviews. In AEP’s territory alone, its programs from 2009-2014 will create a net savings of over \$1 billion for customers over the lifetime of the measures.⁸

Even customers who do not directly participate in the programs benefit from energy efficiency from reductions in wholesale energy costs, through reduction in energy costs, revenue generated from clearing these resources in the PJM capacity market, and the reduction in PJM capacity prices. FirstEnergy, by arguing that it should not even try to bid anticipated EE and PDR resources into the PJM market, has demonstrated that it has no interest in realizing the maximum savings for its customers. ELPC commends the Commission for rejecting FirstEnergy’s recent attempts to avoid utilizing the capacity market to save its customers money and we encourage the Commission to make participation in the market mandatory across all utilities.

⁶ Comments Of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company, PUCO Docket No. 12-3151-EL-COI, at 20 (March 1, 2013).

⁷ National Resources Defense Council, “Energy Productivity: Efficiency Benefits to Power Ohio Jobs and the Economy”, available at <http://www.nrdc.org/energy/files/ohio-energy-productivity-issue-brief.pdf>.

⁸ Ohio Manufacturers’ Association and the American Council for an Energy-Efficient Economy, “Ohio’s Energy Efficiency Resource Standard: Confirming the Right Strategy to Ensure Lowest-Cost Electricity.”

In addition to saving customers money, the energy efficiency standard has helped create more than 4,000 new jobs.⁹ Not only have the programs created jobs, they also support a robust energy efficiency supply chain that employs approximately 10,000 people and contributes more than \$2 billion to Ohio's economy.¹⁰ These 10,000 jobs are spread across 1,130 businesses that weatherize buildings, manufacture components for the efficiency industry, or sell efficiency products. By 2025, the standard is projected to create 32,000 jobs across the state.¹¹

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⁹ National Resources Defense Council, "Energy Productivity: Efficiency Benefits to Power Ohio Jobs and the Economy", available at <http://www.nrdc.org/energy/files/ohio-energy-productivity-issue-brief.pdf>.

¹⁰ <http://aeeohioinstitute.org/index.cfm?objectid=478E3560-2536-11E2-8238000C29CA3AF3>

¹¹ National Resources Defense Council, "Energy Productivity: Efficiency Benefits to Power Ohio Jobs and the Economy", available at <http://www.nrdc.org/energy/files/ohio-energy-productivity-issue-brief.pdf>.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Reply Comments* submitted on behalf of the Environmental Law & Policy Center was served by electronic mail, upon the following Parties of Record, this 5th day of April, 2013.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/5/2013 4:42:04 PM

in

Case No(s). 12-3151-EL-COI

Summary: Reply Comments of Environmental Law & Policy Center electronically filed by Mr. Nicholas A. McDaniel on behalf of Environmental Law and Policy Center