

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Amendment of)	
Chapters 4901:1-10 and 4901:1-21,)	
Ohio Administrative Code, Regarding)	Case No. 14-1411-EL-ORD
Electric Companies and Competitive)	
Retail Electric Service, to Implement)	
2014 Sub.S.B. No. 310.)	

INDUSTRIAL ENERGY USERS-OHIO’S INITIAL COMMENTS

On October 15, 2014, the Public Utilities Commission of Ohio (“Commission”) issued an Entry in the above-captioned matter, which contained proposed rules to implement the cost disclosure requirements of Substitute Senate Bill 310 (“SB 310”). The Commission also requested comments on “what costs should be included in the calculation of the costs of energy efficiency and peak demand reduction savings requirements.”¹

Pursuant to the Commission’s request, Industrial Energy Users-Ohio (“IEU-Ohio”) submits these Initial Comments. Because the Commission’s proposed rules attached to the October 15, 2014 Entry correctly implement the requirements of SB 310, IEU-Ohio urges the Commission to adopt its proposed rules. Additionally, and in regards to the specific question posed by the Commission, SB 310 requires that the disclosure on individual customers’ bills for the energy efficiency and peak demand reduction (“EE/PDR”) mandates be measured by “the individual customer cost of the

¹ Entry at 3 (Oct. 15, 2014).

utility's compliance."² This is reflected by the actual rates paid by individual customers under their electric distribution utility's ("EDU") EE/PDR rider. This is the methodology reflected in the Commission's proposed rules.

I. SB 310

SB 310 enacted R.C. 4928.65, "Adoption of rules governing disclosure of costs to customers of the renewable energy resource, energy efficiency savings, and peak demand reduction requirements." This Section provides:

- (A) Not later than January 1, 2015, the public utilities commission shall adopt rules governing the disclosure of the costs to customers of the renewable energy resource, energy efficiency savings, and peak demand reduction requirements of sections 4928.64 and 4928.66 of the Revised Code. The rules shall include both of the following requirements:
 - (1) That every electric distribution utility list, on all customer bills sent by the utility, including utility consolidated bills that include both electric distribution utility and electric services company charges, the individual customer cost of the utility's compliance with all of the following for the applicable billing period:
 - (a) The renewable energy resource requirements under section 4928.64 of the Revised Code, subject to division (B) of this section;
 - (b) The energy efficiency savings requirements under section 4928.66 of the Revised Code;
 - (c) The peak demand reduction requirements under section 4928.66 of the Revised Code.
 - (2) That every electric services company list, on all customer bills sent by the company, the individual customer cost, subject to division (B) of this section, of the company's compliance with the renewable energy resource requirements under section 4928.64 of the Revised Code for the applicable billing period.

² R.C. 4928.65(A)(1).

(B)

- (1) For purposes of division (A)(1)(a) of this section, the cost of compliance with the renewable energy resource requirements shall be calculated by multiplying the individual customer's monthly usage by the combined weighted average of renewable-energy-credit costs, including solar-renewable-energy-credit costs, paid by all electric distribution utilities, as listed in the commission's most recently available alternative energy portfolio standard report.
 - (2) For purposes of division (A)(2) of this section, the cost of compliance with the renewable energy resource requirements shall be calculated by multiplying the individual customer's monthly usage by the combined weighted average of renewable-energy-credit costs, including solar-renewable-energy-credit costs, paid by all electric services companies, as listed in the commission's most recently available alternative energy portfolio standard report.
- (C) The costs required to be listed under division (A)(1) of this section shall be listed on each customer's monthly bill as three distinct line items. The cost required to be listed under division (A)(2) of this section shall be listed on each customer's monthly bill as a distinct line item.

(Emphasis added).

II. THE COMMISSION'S PROPOSED RULES

Regarding the disclosure of the individual customer cost of the renewable energy mandate, the Commission proposed Rule 4901:1-10-35(B)(1), Ohio Administrative Code ("O.A.C."), which provides:

- (B) Each electric distribution utility (EDU) shall list on all customer bills sent by the EDU, including utility consolidated bills that include both EDU and competitive retail electric service provider charges, the individual customer cost of compliance with all of the following for the applicable billing period:
- (1) The renewable energy resource requirement under section 4928.64 of the Revised Code. This cost shall be calculated as the sum of the following:
 - (a) The customer's usage in megawatt-hours for the applicable billing period, multiplied by the statutory solar percentage requirement pursuant to division (B)(2) of section 4928.64 of

the Revised Code for the year in which the bill is issued, multiplied by the average of the Ohio solar and other solar renewable energy credit (REC) costs for EDUs as reported in the commission's most recent compliance report provided to the general assembly; and

- (b) The customer's usage in megawatt-hours for the applicable billing period, multiplied by the statutory non-solar percentage requirement pursuant to division (B)(2) of section 4928.64 of the Revised Code for the year in which the bill is issued, multiplied by the average of the Ohio non-solar and other non-solar REC costs for EDUs as reported by the commission's most recent compliance report provided to the general assembly. The statutory non-solar requirement shall equal the total statutory renewable requirement net of the solar requirement.
- (c) In the event that the commission's compliance report provided to the general assembly does not include separate REC costs for Ohio and other resources, the EDU solar and EDU non-solar REC costs as presented in the report should be inserted into the calculation where applicable.
- (d) On consolidated bills that include both EDU and competitive retail electric service (CRES) provider charges, the renewable energy resource requirement line item shall be either the cost as calculated in paragraph (B)(1) of this rule, or, for CRES customers, the cost as calculated in paragraph (B)(1) of rule 4901:1-21-19 of the Administrative Code.

The Commission proposed a similar rule applicable to CRES providers. Rule 4901:1-21-19(B)(1)-(2), O.A.C.

In regards to the individual customer cost of the EE/PDR mandates, the Commission proposed Rule 4901:1-10-35(B)(2), O.A.C., which provides:

- (B) Each electric distribution utility (EDU) shall list on all customer bills sent by the EDU, including utility consolidated bills that include both EDU and competitive retail electric service provider charges, the individual customer cost of compliance with all of the following for the applicable billing period:

...

- (2) The energy efficiency savings requirements under section 4928.66 of the Revised Code. This cost shall be calculated as follows:
- (a) The customer's usage in kilowatt-hours for the applicable billing period multiplied by the currently effective energy efficiency/peak demand reduction rider that is applicable to the customer.
 - (b) The amount from paragraph (2)(a) of this rule shall be multiplied by the proportion of the energy efficiency/peak demand reduction rider that is associated with energy efficiency savings requirement compliance costs. For purposes of calculating this proportion, all costs represented in the energy efficiency/peak demand reduction rider shall be allocated either to energy efficiency requirements compliance or peak demand reduction requirements compliance. Alternatively, the EDU may multiply the amount from paragraph (2)(a) of this rule by eighty per cent.
- (3) The peak demand reduction requirements under section 4928.66 of the Revised Code. This cost shall be calculated as follows:
- (a) The customer's usage in kilowatt-hours for the applicable billing period shall be multiplied by the currently effective energy efficiency/peak demand reduction rider that is applicable to the customer.
 - (b) The amount from paragraph (3)(a) of this rule shall be multiplied by the proportion of the energy efficiency/peak demand reduction requirement rider that is associated with peak demand reduction requirements compliance costs. For the purpose of calculating this proportion, all costs represented in the energy efficiency/peak demand reduction rider shall be allocated either to the energy efficiency requirements compliance or peak demand reduction requirements compliance. Alternatively, the EDU may multiply the amount from paragraph (3)(a) of this rule by twenty per cent.

The Commission also proposed a rule, Rule 4901:1-21-19(C), O.A.C., requiring all bills sent by competitive retail electric service (“CRES”) providers that include both EDU and CRES provider charges to list the individual customer cost of the EE/PDR mandates on bills in accordance with proposed Rule 4901:1-10-35(B)(2), O.A.C.

III. COMMENTS

SB 310 requires that the Commission adopt rules that require each EDU and each electric services company, *i.e.* a CRES provider, to disclose three costs on individual customers’ bills. These costs are the cost of the renewable energy resource mandate under R.C. 4928.64; the cost of the energy efficiency mandate under R.C. 4928.66; and the cost of the peak demand reduction mandate under R.C. 4928.66. SB 310 also requires that the “cost” that is disclosed on an individual customer’s bill be “the individual customer cost.” R.C. 4928.65(A)(1)-(2).

The General Assembly prescribed a specific methodology for the Commission to follow in adopting rules that provide for the disclosure of an individual customer’s cost for compliance with the renewable energy resource mandate. R.C. 4928.65(C). This was necessitated by the fact that a CRES provider’s cost of complying with the renewable energy resource mandates is competitively sensitive information, and so a statewide weighted average was used. *Id.*

Such a concern does not exist for the EE/PDR mandates. For the EE/PDR mandates, an individual customer’s cost of compliance is ascertainable from public information, *i.e.* its EDU’s EE/PDR rider rate.³ Thus, to calculate an individual customer’s cost for the EE/PDR mandates, the customer’s usage in kilowatt-hours

³ Since the information is only disclosed to the customer, there is no concern regarding the confidentiality of the individual customer’s usage.

("kWh") is multiplied by the applicable EE/PDR rider rate (which is assessed on a kWh basis) to produce the individual customer cost in dollars.

Of course, however, this would produce one "cost" for compliance with the EE/PDR mandates and R.C. 4928.65 requires the individual customer cost for compliance with these mandates be listed separately on individual customers' bills. R.C. 4928.65(C). The Commission accounts for this by requiring a disaggregation of the applicable EE/PDR rider, with a portion attributable to compliance with the energy efficiency mandate and the remainder of the rate applicable to the peak demand reduction mandate (the two components equal the total applicable EE/PDR rider rate). Accordingly, the Commission's rules appropriately and lawfully apply the requirements of R.C. 4928.65 in calculating an individual customer's cost of compliance with the EE/PDR mandates.

Finally, because R.C. 4928.65 is clear and unambiguous, the Commission lacks discretion to adopt rules that do not disclose an individual customer's cost to comply with the renewable energy resource, the energy efficiency, and the peak demand reduction mandates. Thus, in response to the arguments raised at the workshop in this matter as alluded to by the Commission at page 3 of its Entry, the Commission cannot include some lesser amount of costs or some form of net costs and still be in compliance with the requirements of R.C. 4928.65. The law is clear, and requires that an individual customer's bill disclose the amount the customer is charged through the applicable EE/PDR rider.

In sum, the Commission's proposed rules reflect the requirements in R.C. 4928.65 as enacted by SB 310. Therefore, IEU-Ohio supports the rules as drafted and urges the Commission to adopt them.

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Industrial Energy Users-Ohio's Initial Comments* was sent by, or on behalf of, the undersigned counsel for IEU-Ohio to the following parties of record this 5th day of November 2014, *via* electronic transmission.

/s/ Matthew R. Pritchard

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Summary: Comments Industrial Energy Users-Ohio's Initial Comments electronically filed by Mr. Matthew R. Pritchard on behalf of Industrial Energy Users-Ohio