

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Portfolio)	
Status Report Under Rule 4901:1-39-)	Case No. 18-835-EL-EEC
05(C), Ohio Administrative Code, by)	
Ohio Power Company.)	

**COMMENTS BY
NATURAL RESOURCES DEFENSE COUNCIL,
ENVIRONMENTAL LAW & POLICY CENTER,
OHIO ENVIRONMENTAL COUNCIL, AND
ENVIRONMENTAL DEFENSE FUND**

On May 15, 2018, Ohio Power Company (“AEP Ohio”) submitted their Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report for the period January 1, 2017 through December 31, 2017 (“2017 Report”), as required under Ohio Adm. Code 4901:1-39-05. Ohio Adm. Code 4901:1-39-06(A) permits interested persons to file comments within thirty days of such filing.

Natural Resources Defense Council, Environmental Law & Policy Center, Ohio Environmental Council, and Environmental Defense Fund (collectively, “Environmental Commenters”) now file these comments in order to highlight the need for an update to the Ohio Technical Resource Manual (“TRM”), which is more than eight years old yet still a source of savings assumptions for all four Ohio electric distribution utilities pursuant to R.C. 4928.662(B). The outdated savings assumptions in the TRM serve to artificially inflate AEP Ohio’s and the other EDUs’ savings estimates, offsetting actual energy savings that the utilities might otherwise seek to achieve through their portfolio plans and driving shared savings incentive payments that do not reflect actual customer benefits. We therefore recommend that the Commission update the TRM to prevent further dilution of the real-world savings customers achieve through Ohio efficiency programs.

I. THE OUTDATED OHIO TECHNICAL RESOURCE MANUAL IS A SOURCE OF INFLATED AND UNREALISTIC SAVINGS ESTIMATES.

AEP Ohio's 2017 Report highlights the fact that, as the Environmental Commenters have suggested in the past, an update of the Ohio TRM is long overdue. The Ohio TRM was developed to provide statewide standardized savings assumptions for particular measures based on 2010 data regarding then-existing customer baselines, and the Commission approved it in 2013. *In the Matter of Protocols for the Measurement and Verification of Energy Efficiency and Peak Demand Reduction Measures*, Case No. 09-512-GE-UNC, VEIC Draft TRM (August 2010); Entry on Rehearing (July 31, 2013). It has not been updated since, meaning that the savings assumptions in the TRM are based on estimates of baseline customer efficiency that are more than eight years old.

The intervening eight years have seen significant technological advances and regulatory changes affecting customer efficiency baselines, but those developments are not accounted for in the outdated TRM assumptions. Thus, the TRM assumptions may significantly over-represent the real-world savings that would be achieved through a given energy efficiency measure. However, under R.C. 4928.662(B), each utility must rely on such inaccurate "deemed" savings estimates even if they are in fact higher than the actual "as found" savings determined by the utility's evaluator.

This provision has clearly resulted in overstated savings for at least some measures in AEP Ohio's plan. For example, the 2017 Report reveals that AEP Ohio's evaluation team is applying "deemed baseline" estimates from the Ohio TRM instead of lower as-found conditions resulting from greater customer adoption since 2010 of more efficient CFLs as a baseline technology, but expects that if that methodology changes then "[s]avings would decrease using CFLs as baseline technology instead of the deemed baseline the program currently uses." 2017

Report, App. B at 6. Translated into plain English, this means that R.C. 4928.662 is driving inflated savings estimates that rely on outdated information regarding baseline lighting technology.

It is vital for the Commission to address this issue for two reasons. First, the Commission must ensure that AEP Ohio does not earn shared savings for benefits it is not actually producing for customers, consistent with the Commission's own recognition with respect to FirstEnergy's "Customer Action Program" that "Commission has never allowed shared savings for programs like the historic mercantile customer program which involves no action by the Companies to achieve the energy savings." Case No. 14-1297-EL-SSO, Fifth Entry on Rehearing (Oct. 12, 2016) at 147. Second, updating TRM savings estimates to be more accurate is also necessary to properly incentivize the utility to update its programs in order to achieve the greatest possible savings for customers. The same AEP Ohio program evaluation that notes the overstatement of lighting savings also "recommends only replacing halogen bulbs or incandescent bulbs with LEDs," since the savings from replacing more efficient CFL bulbs are not as high. If AEP Ohio is prevented from accounting for those lower real-world savings because of a statutory provision that requires it to rely on higher deemed savings estimates from eight years ago, then there is no practical incentive for the utility to make such program improvements.

In approving the current Ohio TRM, the Commission specifically recognized the importance of up-to-date savings assumptions, stating that "the TRM should be an evolving document that is updated and maintained in a timely and effective manner." Case No. 09-512-GE-UNC, Entry on Rehearing (July 31, 2013) at 12. The Commission therefore specifically "direct[ed] Staff to update the TRM, in coordination with the Independent Program Evaluator, . . . to develop a process by which to update the TRM on a regular basis" *Id.* AEP Ohio's

2017 Report makes clear that such an update is now sorely needed due to the enactment of R.C. 4928.662(B) in 2014. The Environmental Commenters therefore recommend that the Commission ensure the savings estimation process under R.C. 4928.662(B) does not cheat customers of real savings, at least through misapplication of outdated savings assumptions and inflation of shared savings, by opening a docketed process to solicit stakeholder comment and update the Ohio TRM.

II. CONCLUSION

Environmental Commenters appreciate the opportunity to submit these comments and recommend that the Commission open a docketed process to solicit stakeholder comment and update the outdated Ohio TRM.

Dated: June 14, 2018

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Comments by Natural Resources Defense Council, Environmental Law & Policy Center, Ohio Environmental Council, and Environmental Defense Fund* submitted on behalf of the Natural Resources Defense Council, Environmental Law & Policy Center, Ohio Environmental Council, and Environmental Defense Fund was served by electronic mail upon the following Parties of Record on June 14, 2018.

/s/ Miranda Leppla
Miranda Leppla

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Commission of Ohio Docketing Information System on

6/14/2018 5:14:21 PM

in

Case No(s). 18-0835-EL-EEC

Summary: Comments by Natural Resources Defense Council, Environmental Law & Policy Center, Ohio Environmental Council, and Environmental Defense Fund electronically filed by Ms. Miranda R Leppla on behalf of Natural Resources Defense Council and Environmental Law & Policy Center and Ohio Environmental Council and Environmental Defense Fund