BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company for Approval of the Energy Efficiency and Peak Demand Reduction Program Portfolio Plan.	Case No. 16-574-EL-POR
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of its 2017-2019 Energy Efficiency and Peak Demand Reduction Program Portfolio Plan.	Case No. 16-576-EL-POR
In the Matter of the Application of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2017 through 2019.	Case No. 16-743-EL-POR
In the Matter of the Application of Dayton Power and Light Company for Approval of its Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2018-2020.	Case No. 17-1398-EL-POR

Public Comments from Interested Party
Midwest Energy Efficiency Alliance

On October 23, 2019 the Commission requested public comments from interested persons regarding the appropriate implementation of the state's energy efficiency programs with regards to changes made by House Bill 6 (H.B. 6). The Commission requested comments on how to comply with the new cumulative energy savings total of 17.5% and if electric distribution utility (EDU) companies should be able to offer voluntary energy efficiency programs after the statutory 17.5% savings standard has been met. The Midwest Energy Efficiency Alliance (MEEA) is submitting interested party public comments in response to the Commission's questions.

MEEA is a regional non-profit membership organization which serves as the Midwest's key proponent and resource for energy efficiency. MEEA covers 13 states in the Midwest, including Ohio, where 80 of our 160+ member organizations have employees and provide services. Our members include investor-owned, cooperative and municipal utilities; energy efficiency service and technology providers; manufacturers; state and local government representatives; and, academic, advocacy and research organizations. MEEA serves as a nonpartisan resource to policymakers and regulators. As the trusted source on energy efficiency in the Midwest, MEEA educates and advises a diverse set of stakeholders on new and meaningful ways to pursue an energy efficient agenda that's both achievable and cost-effective. It is with our Midwest regional and Ohio specific expertise that MEEA submits comments to the Commission.

(1) Whether the Commission should terminate the energy efficiency programs once the statutory cap of 17.5 percent has been met

The Ohio General Assembly provided a timeline by which the EDUs must complete their energy efficiency plans and the Commission must demonstrate compliance. The Commission is directed to ensure the final assessment of energy savings is complete and accurate. H.B. 6 states that "if an electric distribution utility has a portfolio plan in effect as of the effective date of the amendments to this section by H.B. 6 of the 133rd general assembly and that plan expires before December 31, 2020, the commission shall extend the plan through that date" (R.C. 4928.66 (F)(2)). Moreover, H.B. 6 provided a timeframe for the Commission to determine compliance with the revised 17.5% energy savings standard: "Not later than February 1, 2021, the commission shall determine the cumulative energy savings collectively achieved, since 2009, by all electric distribution utilities in this state as of December 31, 2020" (R.C. 4928.66 (G)(1)). Accordingly, EDUs are directed to run their energy efficiency programs through the end of 2020 and the Commission must use energy savings data from the years 2009 through 2020 to determine compliance.

In the Midwest region, it is standard industry practice for utilities to publish accurate, evaluated savings data six to twelve months after completion of their annual programs. Ohio law provides a reasonable timeframe for completing current energy efficiency plans, followed by another timeframe during which the Commission must determine compliance with the current standard. At the request of the Commission, the Ohio EDUs are providing periodic energy savings progress reports to Commission staff. However, such estimates are not fully evaluated verified savings figures and as such could include spillover, freeridership, or other factors which would inflate estimated savings. Completion of the programs and evaluation of goal compliance consistent with the prescribed timeline in H.B. 6 will ensure the final reported energy savings achievements are comprehensive and accurate. While H.B. 6 ends the energy efficiency resource standard (EERS) by December 31, 2020, it is possible to gradually ramp down current energy efficiency programs to ensure better continuity and support for Ohio residents and businesses as the EDUs transition to voluntary programs.

Energy efficiency programs have initial costs, but these program costs decline over time as program administrators become more experienced, leading to improved efficiencies. That is why even during Ohio's two-year freeze of the EERS, EDUs continued to run their energy efficiency programs because the long-run benefits to customers of continuing programs outweighed the costs of stopping and starting again. Ending programs as soon as the 17.5% energy savings is reached would be problematic and costly for EDUs that intend to offer voluntary energy efficiency programs.

All customers pay for energy efficiency programs due to the system-wide benefits energy efficiency provides the grid. In addition to these system-wide benefits, there are also the obvious individual benefits from direct rebates and incentives for installing energy efficiency measures such as LED lightbulbs or smart thermostats, for example. However, if programs immediately end when the 17.5% savings is reached, customers would no longer be able to receive such rebates or incentives, even though they had paid the monthly energy efficiency rider earlier in the year. Programs are usually run for a full year to maximize customer participation and benefits. Stopping the programs as soon as 17.5% savings is reached would reduce the benefits to customers that have already paid for the program.

Over the last several years some Midwest states have ended their EERS or significantly changed their energy efficiency portfolios due to decisions made by their state legislature. In the cases of Indiana and Iowa there were orderly transitions of the energy efficiency programs. For example, in 2014 Indiana's General Assembly repealed their EERS but allowed voluntary programs including authorizing cost recovery of those programs. There was no abrupt end to the programs mid-year which allowed for the transition to voluntary programs without an EERS. Knowing a definitive date when the EERS would end helped both Indiana's EDUs, Indiana Utility Regulatory Commission, contractors and customers to plan and adjust accordingly. In 2018, the Iowa General Assembly created spending caps on their energy efficiency plans, requiring EDUs to file new energy efficiency portfolio plans. But these new spending requirements did not begin immediately; EDUs were given time to notify their contractors and their own staff about ending projects and layoffs.

Ohio law appears to clearly layout an expectation that current energy efficiency programs should continue through 2020, with the ability for the Commission to carefully verify energy savings in fulfillment of the 17.5% standard. This timeline allows for the orderly transition of energy efficiency programs under an EERS to a voluntary energy efficiency portfolio.

(2) Whether it is appropriate for the EDUs to continue to spend ratepayer provided funds on energy efficiency programs after the statutory cap has been met

It is the policy of the state of Ohio to "ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service; (R.C. 4928.02 (A)) and to "encourage the education of small business owners in this state regarding the use of, and encourage the use of, energy efficiency programs and alternative energy resources in their businesses" (R.C. 4928.02 (M)). The revised code maintains Ohio's commitment to promoting cost-effective energy efficiency. If an EDU believe that offering energy efficiency or demand response programs is the best way to provide its customers with reliable, reasonably priced and efficient service, then the Commission should receive and approve such plans, regardless of the existence of an EERS. Nothing in H.B. 6 appears to prohibit an EDU the ability to run energy efficiency programs voluntarily.

Ohio, along with several states in the Midwest, provide customers energy efficiency programs through voluntary natural gas utility portfolio offerings. Even with the changes in law from H.B. 6, Ohio's revised code states that the Commission "shall initiate programs that will promote and encourage conservation of energy and a reduction in the growth rate of energy consumption, promote economic efficiencies, and take into account long-run incremental costs" (R.C. 4905.70). In fact, natural gas utilities have been providing gas energy efficiency programs for the last decade with no requirement to do so. This same logic could apply to EDUs. The Commission could allow voluntary energy efficiency programs after the EDU's have met the collective 17.5% energy savings standard.

Midwest state utility commissions support voluntary energy efficiency programs, using similar regulatory structures as Ohio. For example, as mentioned above, Indiana has successfully run voluntary energy efficiency programs beginning in 2015 after the repeal of their EERS. Duke Energy and Indiana-Michigan Power run energy efficiency programs in Indiana, receiving cost recovery, lost revenue, and incentive payments for their customer-supported offerings. Voluntary energy efficiency programs are also run in Kentucky by utilities such as Kentucky Power and Duke Energy. Ohio and the Commission have supported energy efficiency programs run by EDUs prior to the General Assembly passing the EERS in 2008, and the Commission should continue to approve energy efficiency programs even after required energy savings standards have been met.

MEEA will continue to serve as a resource for our members, policymakers and other stakeholders in Ohio and identify opportunities to promote energy efficiency. We appreciate the opportunity to provide these comments and remain committed to being a resource to the Commission.

These comments reflect the views of the Midwest Energy Efficiency Alliance – a Regional Energy Efficiency Organization as designated by the U.S. Department of Energy – and not the organization's members or individual entities represented on our board of directors.