**BEFORE THE**

**PUBLIC UTILITY COMMISSION OF OHIO**

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| In the Matter of the Application of 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 2010 through 2012 and Associated Cost Recovery Mechanisms  In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company For Approval of Their Initial Benchmark Reports.  In the Matter of the Energy Efficiency and Peak Demand Reduction Program Portfolio of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company. | **: : : : :**  **:**  **:**  **: : : : : :** | Case Nos. 09-1947-EL-POR  09-1948-EL-POR  09- 1949-EL-POR  Case Nos. 09-1942-EL-EEC  09-1943-EL-EEC  09-1944-BL-EEC  Case Nos. 09-580-EL-EEC  09-581-EL-EEC  09-582-EL-EEC |

**APPLICATION FOR REHEARING**

**OF THE OHIO ENERGY GROUP**

Pursuant to R.C. §4903.10 and Ohio Adm. Code §4901-1-35 , the Ohio Energy Group (“OEG”) hereby submits an application for rehearing of the Public Utilities Commission of Ohio’s (“Commission”) September 7, 2011 Entry on Rehearing (“Entry”) in the above-captioned matter. OEG does not request rehearing of the issues already resolved in this case, but wishes to address a new issue arising from the Commission’s Entry. Specifically, OEG contends that the Commission erred by establishing a new energy efficiency performance standard for electric distribution utilities beyond that established under R.C. 4928.66(A). The reasons in support of OEG’s arguments are set forth in the attached Memorandum in Support.

Respectfully submitted,

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Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody M. Kyler, Esq.

**BOEHM, KURTZ & LOWRY**

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: 513.421.2255 Fax: 513.421.2764

E-Mail: [mkurtz@BKLlawfirm.com](mailto:mkurtz@BKLlawfirm.com)

[kboehm@BKLlawfirm.com](mailto:dboehm@BKLlawfirm.com)

[jkyler@BKLlawfirm.com](mailto:jkyler@BKLlawfirm.com)

**COUNSEL FOR THE OHIO ENERGY GROUP**

**MEMORANDUM IN SUPPORT**

**The Commission erred by establishing a new energy efficiency performance standard for electric distribution utilities beyond that established under R.C. 4928.66(A).**

The Commission’s Entry provides:

In the absence of any regulatory, economic, or technological reasons beyond the Companies’ reasonable control, the Companies should seek to provide to their customers all available cost effective energy efficiency opportunities. In order to maximize customer opportunities, utilities must seek the least cost means to achieve this standard. *This is the performance standard to be expected from Ohio’s electric utilities*.[[1]](#footnote-1)

This language appears to establish a new energy efficiency performance standard that could require Ohio utilities to exceed the current benchmarks established in R.C. 4928.66(A). Increasing the utilities’ energy efficiency performance standard by requiring utilities to immediately maximize their energy efficiency savings could be very costly to Ohio customers, particularly industrial customers, in the short-term. Rather than gradually phasing-in the costs of new energy efficiency programs, as R.C. 4928.66(A) dictates, the Commission’s new standard would appear to require customers to undertake the program costs of all cost-effective energy efficiency programs over a short time period in anticipation of savings over time.

The costs of the programs in the FirstEnergy companies’ energy efficiency and peak demand reduction plans for 2010-12 were estimated to be approximately $214 million.[[2]](#footnote-2) Depending on the existence of additional cost-effective energy efficiency programs outside of what the companies have already proposed, the new performance standard seemingly established in the Commission’s Entry may significantly increase those costs over a short period of time. OEG is concerned about the potential for rate shock that could result from the standard described in the Commission’s Entry.

The current legal benchmarks for energy efficiency are already very aggressive and lead to substantial costs for customers. The Commission should not, either intentionally or unintentionally, establish even higher performance standards. Further, savings that customers could receive from energy efficiency programs are related to the actual participation of those customers in the energy efficiency programs. For sophisticated industrial customers who already carefully manage their energy consumption, a utility’s implementation of every cost-effective energy efficiency program possible may only impose more costs without providing additional savings to those customers. This could have a negative impact on economic development in Ohio since large industrial customers may seek to avoid higher electric rates by relocating. Moreover, forcing customers who are already very energy efficient to pay even more money to subsidize the energy efficiency of other less energy-conscious customers, who may include competitors of those customers, is unreasonable.

OEG recommends against the establishment of a new standard developed by the Commission, which could significantly increase short-term energy costs for customers. Instead, the Commission should abide by the benchmarks outlined in R.C. 4928.66(A).

**CONCLUSION**

OEG urges the Commission to grant this Application for Rehearing in order to redress this important issue.

Respectfully submitted,

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Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody M. Kyler, Esq.

**BOEHM, KURTZ & LOWRY**

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: 513.421.2255 Fax: 513.421.2764

E-Mail: [mkurtz@BKLlawfirm.com](mailto:mkurtz@BKLlawfirm.com)

[kboehm@BKLlawfirm.com](mailto:kboehm@BKLlawfirm.com)

[jkyler@BKLlawfirm.com](mailto:jkyler@BKLlawfirm.com)

**COUNSEL FOR THE OHIO ENERGY GROUP**

October 7, 2011

1. Entry at 6 (emphasis added). [↑](#footnote-ref-1)
2. Cleveland Electric Illuminating Co. Energy Efficiency and Peak Demand Reduction Program Portfolio and Initial Benchmark Report, Docket Nos. 09-1947-EL-POR, 09-1942-EL-EEC, and 09-580-EL-EEC (Dec. 15, 2009) at 3. [↑](#footnote-ref-2)