**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of Vectren Energy Delivery of Ohio, LLC d/b/a CenterPoint Energy Ohio for Approval to Continue Demand Side Management Programs. | )  )  )  )  ) | Case No. 22-1015-GA-UNC |

**REPLY COMMENTS FOR CONSUMER PROTECTION**

**BY**

**OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

# INTRODUCTION

Energy efficiency has benefits, including for consumers. But the PUCO should not force all residential consumers to subsidize utility-run energy efficiency programs that benefit only a small group of non-low-income consumers. If non-low-income consumers want energy efficiency products, they can purchase them in the competitive market. They do not need utility involvement. Removing the utility from the transaction eliminates costs for the majority of a utility’s consumers, including low-income consumers, that do not participate in energy efficiency programs.[[1]](#footnote-3) The PUCO should not force all residential consumers to pay for energy efficiency programs that benefit consumers who can purchase energy efficiency products on their own in the competitive market.

Vectren Energy Delivery of Ohio, Inc. (“Vectren”) proposes that its consumers subsidize up to $6 million annually ($36 million over six years) for non-low-income natural gas demand side management/energy efficiency (“DSM/EE”) programs. Vectren also wants

consumers to pay an additional $400,000 annually ($2.4 million over six years) for a combined program to include gas and electric DSM/EE products or services.[[2]](#footnote-4)

For its low-income consumer program, Vectren proposes to spend $2.1 million annually ($12.6 million over six years). The PUCO should adopt this level of spending for low-income consumers. But the PUCO should focus on strict program requirements and accountability and equity through auditing for Vectren and providers, for consumer protection.

The PUCO should deny Vectren’s application to charge residential consumers for non-low-income energy efficiency programs. Further, the PUCO should adopt OCC’s recommendations for the low-income consumer program.

# REPLY COMMENTS

# Vectren’s energy efficiency proposal is unjust and unreasonable, violating R.C. 4905.22, because it charges all residential consumers for energy efficiency products that benefit a small group who could purchase those products on the competitive market.

The PUCO should not make Vectren’s captive utility consumers subsidize non-low-income energy efficiency programs when the market provides the same benefits for consumers who want them. The market provides similar products and services as those proposed in Vectren’s application. Still, Vectren proposes to make all residential consumers, including those with low and moderate income levels, pay for energy efficiency products that benefit only a small number of consumers. That is unjust and unreasonable, in violation of R.C. 4905.22.

Ohio Partners for Affordable Energy (“OPAE”) argues that the PUCO should approve Vectren’s proposal because it consistent with state policy and law. Per OPAE, energy efficiency “is a distribution utility function and utility programs are required.”[[3]](#footnote-5) However, OPAE ignores precedent to the contrary.

The PUCO has recognized that, consistent with state policy, the competitive marketplace is the appropriate venue for energy efficiency services, especially for non-low-income programs. The PUCO stated that “It is time to look to competitive markets to play a more significant role in the provision of energy efficiency services in this state,” when discussing energy efficiency programs in Columbia’s most recent rate case.[[4]](#footnote-6) OPAE’s claim that state policy requires consumers to subsidize utility-run energy efficiency programs is wrong. Having said that, the PUCO should approve the low-income weatherization programs, subject to program requirements and accountability for Vectren and providers.

Next, OPAE states that Vectren’s application should be granted because energy efficiency “is a hedge against volatility.”[[5]](#footnote-7) However, this ignores the problem with Vectren’s application. If non-low-income consumers would like to hedge against volatile energy prices, they can do so by purchasing energy efficiency products that are competitively available. However, charging all residential consumers, including low-income consumers, for energy efficiency products that benefit consumers who can otherwise buy them in the market without utility involvement, is unjust and unreasonable.

Lastly, OPAE states that the PUCO should approve Vectren’s proposal because the Company “is again forsaking shared savings” and “has not sought a large increase from the previously approved budgets.”[[6]](#footnote-8) But that ignores the core flaw in Vectren’s proposal, too. Even if Vectren’s proposed no budget increase or a budget decrease, its non-low-income energy efficiency proposal should still be denied. It is unjust and unreasonable to require all residential consumers, including low-income consumers, to subsidize programs that benefit a small group of non-low-income consumers.

The PUCO should deny Vectren’s non-low-income energy efficiency proposal. But Vectren can still proceed using its own funds. If Vectren wishes to offer energy efficiency programs to non-low-income consumers, then it can use shareholder funds to do so. This allows consumers to benefit from energy efficiency products without charging consumers who do not benefit from the program or are low-income.

1. **The PUCO should adopt OCC’s recommendations for Vectren’s low-income energy efficiency program to ensure Vectren meets its weatherization goals and uses limited program funds efficiently and equitably.**

The PUCO should approve Vectren’s low-income energy efficiency programs. Vectren’s home weatherization plan helps low-income consumers save money on their electric bills. And unlike Vectren’s non-low-income program, this proposal would make energy efficiency products available to consumers that may not otherwise be able to afford to purchase them.

In addition, the PUCO should adopt OCC’s recommendations for Vectren’s low-income program proposal. Vectren’s shareholders, rather than consumers, should pay any weatherization costs in excess of the projected $1,363 per home. This would ensure that, even if costs are higher than anticipated, Vectren will have funding to provide weatherization services to its targeted number of low-income consumers.

The PUCO should also require a management audit of Vectren’s weatherization programs (CWPI and CWPII). A management audit would encourage Vectren to deploy its budget efficiently, equitably and wisely for at-risk communities. The audit should be conducted in 2025 by an independent auditor at the direction of PUCO Staff. And the audit should include additional performance metrics, such as an accounting of expenses that relate to reduced gas usage by low-income consumers, the impact of health and safety spending, the number and type of properties that receive funding, and the average and mean dollars expended per household and property. This would help ensure Vectren’s weatherization services are benefiting as many consumers as possible, as much as possible.

The PUCO should approve Vectren’s low-income energy efficiency proposal as modified by OCC’s recommendations. Doing so will help ensure that Vectren efficiently and equitably uses its weatherization funding to benefit low-income consumers as much as possible.

**III. CONCLUSION**

To protect Vectren’s consumers, the PUCO should deny Vectren’s application to charge residential consumers for non-low-income programs. And the PUCO should adopt OCC’s proposals to modify Vectren’s low-income weatherization program, including requirements for shareholder funding and a management audit.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of these Reply Comments was served on the persons stated below via electronic transmission, this 4th day of April 2023.

*/s/ Connor D. Semple*

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Assistant Consumers’ Counsel

The PUCO’s e-filing system will electronically serve notice of the filing of this document on the following parties:

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1. *See* Initial Comments of the Ohio Consumers Counsel (“OCC”) (“OCC Initial Comments”) (February 23, 2023) at 9. [↑](#footnote-ref-3)
2. Application at 89 (November 8, 2022). [↑](#footnote-ref-4)
3. Initial Comments of Ohio Partners for Affordable Energy (“OPAE”) (“OPAE Comments”) (February 23, 2023) at 2. [↑](#footnote-ref-5)
4. *See* Case No. 21-637-GA-AIR *et al.,* Opinion and Order (January 26, 2023) at 19. [↑](#footnote-ref-6)
5. *Id.* at 3. [↑](#footnote-ref-7)
6. *Id.* at 4. [↑](#footnote-ref-8)