

2. New Chapter 4901:1-39-08(B)(4)

Kilowatt hours of energy and kilowatts of capacity provided by electric generation sited on a mercantile customer's side of an electric utility's meter shall not be considered energy savings or reductions in peak demand.

COSE agrees with FirstEnergy's proposition that this new rule unreasonably excludes the amount of energy savings and peak demand reduction rising from mercantile customer on site generation projects. Rule 4901:1-39-08(B)(4) excludes mercantile customers sited generation projects from a utility's energy efficiency and demand reduction compliance standard per the requirements of SB 221 in direct contradiction to the Ohio Revised Code Section 4928.66(A)(2)(c). 4928.66(A)(2)(c) allows electric distribution utilities to include all mercantile customer sited energy efficiency and peak demand reduction programs to their energy efficiency and demand reduction benchmarks.

Although most COSE members are not classified as mercantile customers, COSE agrees with First Energy's determination on the contradiction of the Commission's new rule. Clearly the rules must comply with the statute and the Commission should accept FirstEnergy's Application for Rehearing based on the merits of these concerns.

Sincerely,



Steve Millard
President & Executive Director