

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of Protocols for the Measurement and)
Verification of Energy Efficiency and Peak) Case No. 09-512-GE-UNC
Demand Reduction Measures.)

**JOINT COMMENTS OF
THE OHIO MANUFACTURERS' ASSOCIATION AND
THE OHIO HOSPITAL ASSOCIATION**

INTRODUCTION

The Ohio Manufacturers' Association ("OMA"), on behalf of its respective members, and the Ohio Hospital Association ("OHA"), on behalf of its respective members, hereby respectfully submit comments regarding Appendix B of the Public Utilities Commission of Ohio's ("Commission" or "PUCO") Entry of June 24, 2009 ("Entry") initiating this proceeding.

COMMENTS

The OMA and OHA appreciate this opportunity to comment on the Commission's proposed processes for implementing Ohio Revised Code Section ("R.C.") 4928.66. While the OMA and OHA will provide more detailed comments with respect to the questions posed in Appendix A of the Entry, the importance of Appendix B to the efficient and least-cost achievement of the benchmarks contained in R.C. 4928.66 cannot be overstated. The success of achieving the energy efficiency and peak demand reduction benchmarks is heavily dependent on the ease with which the necessary data point can be collected and assembled. Larger and more sophisticated efficiency projects will, in most instances have a larger number of associated data points that will require documentation and collection. For this reason larger consumers of electricity are especially concerned about the administrative costs that will attend R.C. 4928.66.

The data requirements reflected in Appendix B appear to be generally reasonable, and the OMA and OHA will defer to the comments provided by the electric utilities for any particular details or areas of concern. The OMA and OHA do want to emphasize the importance of the baseline measurement data to the correct application of the law. Ohio Revised Code Section 4928.66 requires the following:

(c) Compliance with divisions (A)(1)(a) and (b) of this section shall be measured by including the *effects of all demand-response programs* for mercantile customers of the subject electric distribution utility and *all such mercantile customer-sited energy efficiency and peak demand reduction programs*, adjusted upward by the appropriate loss factors....(italics added)

The “self-directed” projects of mercantile customers will likely be an important component of the electric utilities’ compliance strategies. As the OMA and OHA argued in their Application for Rehearing filed in Case No. 08-888-EL-ORD, the above-cited portion of the law requires that the effects of all mercantile efficiency and demand response programs be included in the baseline. There is no mention of modification of their effects to account for other considerations. However, as adopted by the Commission, Ohio Administrative Code Rule 4901:1-39-08(B)(4) provides that

[a] mercantile customer’s energy savings and peak-demand reductions shall be calculated by subtracting the energy [use] and peak demand associated with the customer’s projects from the *estimated energy use and peak demand that would have occurred if the customer had used industry standard new equipment or practices to perform the same functions in the industry in which the mercantile customer operates....* (italics added)

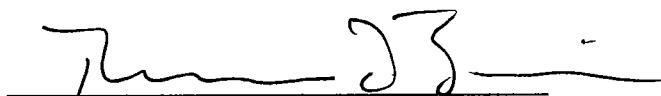
While it is encouraging that Appendix B does not appear to contain a field specifically directed at this fictionalized “industry standard new” baseline adjustment, the OMA and OHA are unclear as to how Appendix B would be reconciled with the Commission’s proposed rules as they are currently constituted. The administrative burden that would be created under the

Commission's proposed rule by requiring the overlay of a fictionalized efficiency baseline is precisely the type of incremental administrative burden that needs to be avoided if these programs are to succeed (separate and apart from the larger issue of the loss of legitimately included efficiency savings). Too often, laudable regulatory objectives get swamped by the sheer magnitude of the administrative process itself. The OMA and OHA urge the Commission to avoid this pitfall with respect to the rules now under consideration.

CONCLUSION

OMA and OHA look forward to working with the Commission and its staff as the process of implementing R.C. 4909.66 progresses, and urge the Commission to carefully consider these Comments.

Respectfully submitted on behalf of,
OHIO MANUFACTURERS ASSOCIATION AND
OHIO HOSPITAL ASSOCIATION



Thomas J. O'Brien
BRICKER & ECKLER LLP
100 South Third Street
Columbus, OH 43215-4291
Telephone: (614) 227-2335
Facsimile: (614) 227-2390
E-Mail: tobrien@bricker.com

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Summary: Comments of The Ohio Manufacturers' Association and The Ohio Hospital Association electronically filed by Teresa Orahod on behalf of Ohio Manufacturers' Association and Ohio Hospital Association