

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Adoption of a Portfolio)
Plan Template for Electric Utility Energy) Case No. 09-714-EL-UNC
Efficiency and Peak-Demand Reduction)
Programs.)

INITIAL COMMENTS OF INDUSTRIAL ENERGY USERS-OHIO

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I. BACKGROUND

Among other things, Amended Substitute Senate Bill 221 ("SB 221") requires electric distribution utilities ("EDUs") to meet certain energy efficiency and peak demand reduction ("EE/PDR") benchmarks, as well as specific alternative energy portfolio standards ("AEPS").

On April 15, 2009, the Public Utilities Commission of Ohio ("Commission") issued its Opinion and Order ("April 15 Order") in Case No. 08-888-EL-ORD, which created three new chapters of the Ohio Administrative Code (O.A.C.), including Chapter 4901:1-39, Energy Efficiency and Demand Reduction Benchmarks. On June 17, 2009, the Commission issued an Entry on Rehearing ("June 17 Entry") addressing the substantive issues raised in the various Applications for Rehearing of the April 15 Order filed by the parties, and modifying many of the rules adopted therein.

The June 17 Entry includes Rule 4901:1-39-04, O.A.C., which requires that each electric distribution utility ("EDU") file a comprehensive benchmark compliance plan with the Commission. The June 17 Entry also provided that the Commission's staff would issue a draft portfolio plan template for stakeholder comments in a separate docket.

On August 12, 2009, the Commission issued an Entry on Rehearing granting rehearing for the purpose of warranting further consideration of issues raised by several parties that sought rehearing of the June 17 Entry. On August 28, 2009, the Commission issued an Entry (“August 28 Entry”) in this proceeding proposing a draft portfolio plan template and seeking comments. IEU-Ohio respectfully submits its initial comments pursuant to the August 28 Entry.

II. COMMENTS

IEU-Ohio’s comments are limited to a few elements of the draft portfolio plan that are either impractical or at odds with statutory requirements.

First, the glossary contained within the draft portfolio defines “Mercantile Self-Directed” as:

Any program operated by a mercantile customer, whether committed for integration pursuant to Rule 4901:1-39-08, Ohio Administrative Code, or not.

The draft template requires each EDU to quantify the impacts from Mercantile Self-Directed programs. For example, as part of its energy efficiency portfolio program summary, each EDU is required to indentify the number of participants and estimated programs. However, because the definition of Mercantile Self-Directed projects specifically includes activities by a mercantile customer that have not been committed towards an EDU’s portfolio obligation, this requirement is not practical.

Unless a mercantile customer elects to commit energy efficiency and/or peak demand reductions it has undertaken towards an EDU portfolio obligation, the EDU will likely have no direct knowledge of any of the projects a customer may have implemented. A reduction in energy usage can occur for many reasons and may or

may not be the result of energy efficiency measures. For example, the current economic downturn has resulted in many mercantile customers curtailing their manufacturing activity, with the current annual energy usage below historical baseline levels from 2006 through 2008. It would be incorrect to simply infer that any reduction in energy usage relative to historical baseline levels for a mercantile customer is the result of energy efficiency measures.

It would also not be practical for an EDU to investigate, in the absence of any action by a mercantile customer, to commit a project towards an EDU's portfolio obligation, whether any reduction in energy usage from historical baseline levels is associated with energy efficiency projects. It would be unwise and potentially very costly to squander EDU resources chasing phantom projects.

For these reasons, the Commission should modify the definition of "Mercantile Self-Directed" so that it only includes projects that have been committed towards an EDU's portfolio obligation, pursuant to Section 4928.66, Revised Code.

Additionally, Peak Demand Benchmark is defined as:

The reduction in peak-demand an electric utility's system must achieve as provided in Section 4928.66,(A)(1)(b), Revised Code (emphasis added.)

As IEU-Ohio and other parties have identified to the Commission,¹ Section 4928.66(A)(1)(b), Revised Code, does not require that an EDU achieve specific PDR

¹ See *In the Matter of the Application of Columbus Southern Power Company for the Approval of its Electric Security Plan; and Amendment to Its Corporate Separation Plan; and the Sale or Transfer of Certain Generation Assets*, Case Nos. 08-917-EL-SSO, et al., Entry on Rehearing at 29 (July 23, 2009); See also *In re the Adoption of Rules for Alternative and Renewable Energy Technology, Resources, and Climate Regulations, and Review of Chapters 4901:5- 4901:5-3, 4901:5-5, and 4901:5-7 of the Ohio Administrative Code, Pursuant to Amended Substitute Senate Bill No. 221*, Case No. 08-888-EL-ORD, Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Rehearing at 16-17 (May 15, 2009).

benchmarks, but rather mandates that an EDU have programs that are “designed to achieve” the PDR benchmarks.

III. CONCLUSION

For the reasons explained above, IEU-Ohio requests the Commission modify the definitions of “Mercantile Self-Directed” and “Peak-Demand Benchmark” as discussed herein.

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Summary: Comments Initial Comments of Industrial Energy Users-Ohio electronically filed by Mr. Joe Clark on behalf of Industrial Energy Users-Ohio and Mr. Joseph M. Clark