

that natural gas usage has been declining on a per customer basis. Industrial energy efficiency has increased substantially over the same period. What is different now is that the General Assembly is requiring jurisdictional utilities to actively work with its customers to further reduce energy usage. This represents a policy decision of the General Assembly to view efficiency as the functional equivalent of commodity supply. This is not surprising; providing the services that electricity and natural gas represent – lighting, heating and cooling, refrigeration, etc. – can be done more cost-effectively through a portfolio of efficiency and commodities rather than through supply options alone. Appliance efficiency standards have significantly reduced energy demand, as have standards for industrial motors and a host of other technologies. SB 221 expands on these policies.

OPAE agrees with the Joint Comments that efficiency should be calculated based on the “as-found” method. The three year baseline determines consumption. The baseline reflects the energy consumption of existing equipment. Every kilowatt or therm that is not consumed to provide utility service should be eligible for counting under O.R.C. § 4928.66, so long as it can reasonably be traced to the use of energy efficiency technologies and techniques. Obviously, certain adjustments such as weather normalization for temperature sensitive measures need to be made to determine a baseline. A system that gives value to the actual reductions, which the as-found method accomplishes, is simpler and offers a more accurate representation of the impact of efficiency initiatives.

Mercantile customers can commit the savings from energy efficiency projects to the utilities for the purpose of meeting statutory requirements. The same logic justifies counting efficiency resulting from programs funded with other sources which are leveraged by the utility funding as described in OPAE's Amended Comments filed in this docket on March 12, 2010, which are incorporated herein by reference. The Technical Resource Manual ("TRM") should reflect the intent of the General Assembly to promote the development of a more efficient economy in Ohio through the implementation of new and existing energy efficiency technologies and the correct implementation of these measures.

OPAE does part company with the Joint Comments, Public Interest Comments, and OPOWER on the efficacy of counting the impact of programs that change behavior. The intention of Ohio law is to structurally change the way energy is consumed. This should limit the counting of efficiency to things that are actually done, as opposed to programs that make people think about doing something. Savings should have some permanence. This does not mean that short-payback or low-cost measures should be excluded, but it should mean that measures that have no persistence over time be excluded. Programs that affect process and operations should be countable; programs that allegedly 'change' attitudes should not. So-called behavioral modification programs are nothing more than targeted advertising. The protocol proposed by OPOWER, and supported in the Public Interest Comments, is amazingly self-serving given that the Company is proposing an evaluation process that justifies ratepayer

purchases of what they are selling. Expose the control group to more advertising and they will also increase their efficiency. A myriad of factors can affect investment decisions or behavior. Statistics are no substitute for hardware.

The Joint Comments contend that the results of “*all* energy efficiency programs should be included for the purposes of complying with statutory energy efficiency benchmarks”. (Joint Comments at 15.) However, the Commission is charged with defining what constitutes a *program*, which is what the TRM and other evaluation protocols build on. OPAE agrees with a more expansive meaning for what constitutes efficiency that can be counted for the purpose of statutory compliance. Common sense should be used. But that does not negate the authority of the Commission to determine the parameters of what constitutes an energy efficiency program.

The purpose of the TRM should be limited to ‘how you count’. The determination of what types of programs count is a separate issue. OPAE believes it appropriate to use the TRM to count the savings of from efficiency programs from the inception of the program going forward. The savings from a refrigerator replacement program do not change based on the date the TRM is finalized. Once the yardstick is defined it should be applied. To the extent the TRM reflects the conventions of counting efficiency which have evolved as the technologies have evolved, such as the International Performance Measurement and Verification Protocol (“IPMVP”), the calculations for projects that follow those conventions should be acceptable. Changes imposed through the TRM should be prospective.

OPAE disagrees with the Joint Comment proposal that the TRM should be considered minimum values, to the extent that the TRM would constitute a floor. As OPAE has noted in previous comments, engineering estimates can overstate savings. Many of the protocols included in the TRM are based on field evaluations, as it should

be. And, these should be revised as appropriate on a going forward basis. Actual savings should always be preferred, even if they turn out to be lower than a deemed value. And if the actual savings exceed the level deemed in the TRM, the actual should also be substituted. The TRM should reflect that option.

The Joint Comments suggest that a process for updating the TRM be established. OPAE members utilize the Weatherization Performance Standards, 11th Edition, which is maintained by the Ohio Department of Development. The Standards are updated every two years. A similar process is used internationally to upgrade building codes. OPAE recommends establishing a process for updating the TRM which allows interested parties the opportunity to propose changes and a process for other parties to review those proposals, should they choose.

OPAE supports the technical comments in the Gas Utilities Joint Comments.

Conclusion

The consultants to the Commission, Vermont Energy Investment Corporation, should be commended for developing a comprehensive initial draft of the TRM. The various comments highlight areas which could be improved or should be debated. Conversations with experienced auditor/inspectors working for our member agencies make clear that there are reasonable differences in opinion over how to evaluate certain measures. This comment process has permitted those differences to be aired so an informed decision can be made.

The TRM also reflects several policy decisions made by the Commission which should be revisited. The philosophy behind the Ohio statute is to substitute energy efficiency for supply side options. Investment in energy efficiency has not occurred on the level it should given that it is the lowest cost option to provide utility services, and the General Assembly stepped in to correct that flaw in the market, a market that is far from

free given the traditional dominance of utilities in policymaking and the financial returns that motivate them.

Treating demand side options as the equivalent of supply side options requires that the baseline be determined on an 'as found' basis, and savings calculated from that point. To do otherwise would discount the actual savings which are produced. Meeting the statutory targets should be measured by the amount of supply displaced by the efficiency investment. Streamlining and simplifying are the key to transparency and can be achieved using this baseline approach.

On the other hand, the Commission should not count savings that comes from advertising, no matter how targeted or statistically sophisticated. Efficiency measures have persistence. Advertising does not. Ratepayers should not have to pay for lost distribution revenues and potentially incentives for ephemeral savings.

The Commission should also broaden the definition of qualifying efficiency to include savings that result from funds leveraged as a result of the utility investment. OPAE members manage and deliver state and federally funded efficiency programs as well as utility programs. The efficiency produced is real and should be counted for the purpose of determining compliance with the benchmarks of SB 221. Ratepayers pay for utility programs and taxpayers pay for numerous other efficiency programs. Ratepayers and taxpayers are the same people and the savings they pay for should be counted.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Reply Comments of Ohio Partners for Affordable Energy were served electronically upon the parties of record identified below on this 12th day of March, 2010.

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