

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Verification	)	
Of the Energy Efficiency and Peak	)	
Demand Reductions Achieved by the	)	Case No. 12-665-EL-UNC
Electric Distribution Utilities Pursuant	)	
To Section 4928.66 Revised Code	)	

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**REPLY COMMENTS OF OHIO PARTNERS FOR AFFORDABLE ENERGY**

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**I. INTRODUCTION**

On January 27, 2010, the Public Utilities Commission of Ohio (“PUCO” or “Commission”) directed Staff to engage a qualified consultant to perform a statewide evaluation of energy efficiency programs. Evergreen Economics (“Evergreen”) was ultimately hired to conduct the evaluation. Entry at 2 (October 3, 2012). On August 29, 2012, the Evergreen report, “Report of the Ohio Independent Evaluator for 2009 and 2010” (“Report”). By Entry issued on October 3, 2012, the PUCO establishing a comment period, inviting initial and reply comments. Id. OPAE offers the following reply comments.

**II. Savings Measurement Issues**

**a. Evaluators Should Utilize Gross Savings Until the Commission Determines Otherwise.**

OPAE agrees with the comments of AEP Ohio, The Dayton Power & Light Company, and Industrial Energy Users-Ohio that gross savings are the appropriate measure for energy efficiency programs and projects. The Commission has made clear that gross savings are the appropriate measure. While this determination is subject to reevaluation in the future – on a prospective basis – utilities and their

contractors need certainty when determining efficiency produced through the utility programs.

OPAE also continues to support the 'as found' methodology for determining the savings from projects, both custom and prescriptive. As explained in our initial comments, what customers are concerned about is reducing kilowatt hour usage cost-effectively. Mercantile customers can generally produce savings at a lower cost, and utilities may well need to rely on these savings to meet the constantly increasing targets. Moreover, larger customers as a class benefit more from programs because their energy and capacity prices are more directly tied to wholesale market prices. Reductions in demand for electricity and capacity more directly affect mercantile prices so emphases on these programs are warranted.

Nonetheless, each customer class benefits from efficiency which remains the least expensive option to provide energy services. Energy efficiency investments are the insurance policy against rate increases. The energy and capacity markets are extremely volatile. The inevitable retirement of old, outdated powerplants is now occurring. The value of efficiency continues to climb and increased investment is necessary. Staff has done a good job of working with the collaboratives to ensure a diverse portfolio of programs which provides opportunities in all customer classes for individuals to take actions to reduce their bills, and the bills of all other customers.

The investment will not occur unless there is a level of certainty to justify the expenditures. Using gross numbers that are firmly established based on actual analysis, particularly bill analysis where appropriate, accurately define the value of these investments.

## **b. The Technical Resource Manual Should be Finalized**

Nothing is more critical to creating the certainty necessary to justify investment than finalizing the TRM. OPAE knows from its experience in working with all four major utilities that variations in energy savings assumptions makes program design, delivery, and particularly reporting, extremely difficult. When a measure such as air sealing is valued differently by each utility, it makes programming reporting systems a challenge. It makes choosing measures difficult, particularly when a program is operating in a performance-based mode. Low income programs are, by their nature, difficult to make cost-effective. OPAE strives to make its programs as cost-effective as possible both on a first-year and life of measure basis. Finalizing the TRM will help us make the best choices when it comes to making investment decisions on behalf of our clients and ratepayers.

## **c. Assume 100% Installation of CFLs.**

OPAE agrees with NRDC that a 100% installation rate should be assumed for CFLs. We know from experience that 100% is a fiction to some degree. While we may directly install bulbs, customers take them out or move them for a variety of reasons. When they are removed, they are generally reinstalled when another bulb burns out. In rare occasions, the assessor winds up leaving the bulbs, again for a variety of reasons such as the client having an urgent need to leave or situations that become tense for a host of reasons. Still, the bulbs are ultimately going to be used and should be counted to prevent customers from having to pay more than necessary for savings.

**d. Savings from On-Line Audit Programs Should be Significantly Discounted.**

OPAE agrees with Evergreen's contention that on-line Audit programs are being over-valued by utilities. On-line audits are available from a variety of sources, not just utilities. OPAE would prefer to see utilities focus on hardware programs rather than audits themselves. Knowledge does not inherently result in action. Teaming rebates with the audits – in effect using the audits as a marketing tool – makes much more sense because use of the rebates can be tracked and measured.

**III. ADDITIONAL ISSUES**

OPAE reiterates its suggestions that: 1) utilities should receive credit for savings produced by expenditures of other funds that are leveraged using the utility funds; 2) gas and electric residential retrofit programs should be combined; and, 3) Ohio should develop an alternative to the TRC test that accurately measures the cost-effectiveness of energy efficiency programs in a deregulated environment.

**IV. CONCLUSION**

Evergreen has to some degree varied from the tasks assigned it by the Commission. The assignment was to: (a) evaluate and validate electric energy savings and peak demand reductions from the utility portfolio of programs; (b) determining program and portfolio cost-effectiveness; and, (c) conduct process evaluations of the programs. To the extent the report strays from these missions, its conclusions should be viewed as informative. Comments on these specific issues are ripe for debate and discussion, and the parties have commented on these matters. OPAE has added comments on more over-arching issues in order to keep these policy concerns before the Commission. Of

greatest importance is to finalize the TRM and adopt a formal process for updating the manual on a prospective basis. OPAE looks forward to working with the Commission and other stakeholders as this process moves forward.

Respectfully submitted,

/S/ David C. Rinebolt

David C. Rinebolt

Executive Director

Ohio Partners for Affordable Energy

231 West Lima Street

Findlay, OH 45840

Telephone: (419) 425-8860

FAX: (419) 425-8862

[drinebolt@ohiopartners.org](mailto:drinebolt@ohiopartners.org)

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Replay Comments of Ohio Partners for Affordable Energy were served electronically upon the persons identified below in this case on this 19th day of November 2012.

/s/David C. Rinebolt  
David C. Rinebolt

Steven Nourse  
American Electric Power Service  
Corp.  
1 Riverside Plaza, 29<sup>th</sup> Floor  
Columbus, OH 43215

Kathy J. Kolich  
FirstEnergy Service Company  
76 South Main St.  
Akron, OH 44308

Stephen Seiple  
Columbia Gas of Ohio  
PO Box 117  
Columbus, OH 43215

Candice M. Jones  
Janet K. Stoneking  
Ohio Department of Development  
PO Box 1001  
Columbus, OH 43216-1001

Thomas McNamee  
Assistant Attorneys General  
Public Utilities Section  
180 East Broad Street, 6<sup>th</sup> Floor  
Columbus, OH 43215

Thomas J. O'Brien  
Bricker & Eckler  
100 S. Third St.  
Columbus, OH 43215-4291

Randall V. Griffin  
The Dayton Power & Light  
Company  
1065 Woodman Drive  
Dayton, OH 45432

Samuel C. Randazzo  
McNees Wallace & Nurick  
21 East State St., 17<sup>th</sup> Floor  
Columbus, OH 43215-4228

Mark A. Whitt  
Whitt Sturtevant LLP  
PNC Plaza, 20<sup>th</sup> Floor  
122 East Broad Street  
Columbus, OH 43215

Nolan Moser  
The Ohio Environmental Council  
1207 Grandview Ave., Suite 201  
Columbus, OH 43212-3449

Amy B. Spiller  
Duke Energy Ohio  
139 Fourth St. 25 Atrium II  
Cincinnati, OH 45202

Mary W. Christensen  
Christensen, Christensen & Owens  
100 East Campus View Blvd, #360  
Columbus, OH 43235

Amy Spiller  
Elizabeth H. Watts  
Duke Energy Ohio  
PO Box 960  
Cincinnati, OH 45201-0960

David A. Kutik  
Jones Day  
901 Lakeside Avenue  
Cleveland, OH 44114

Bruce J. Weston  
Office of the Ohio Consumers'  
Counsel  
10 West Broad St., Suite 1800  
Columbus, OH 43215-3485

Thomas J. O'Brien  
Bricker & Eckler  
100 South Third St.  
Columbus, OH 43215-4291

Michael Kurtz  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

Theodore Robinson  
Citizen Power  
2121 Murray Avenue  
Pittsburgh, PA 15217

Amanda Moore  
Environment Ohio  
203 E. Broad St., Suite 3  
Columbus, OH 43215

Robert Kelter  
Environmental Law & Policy Center  
35 East Wacker Drive, Suite 1600  
Chicago, IL 60601

Henry Eckhart  
50 West Broad St., Suite 2117  
Columbus, OH 43215

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**11/19/2012 4:18:01 PM**

**in**

**Case No(s). 12-0665-EL-UNC**

Summary: Reply Reply Comments of Ohio Partners for Affordable Energy electronically filed by Mr. David C Rinebolt on behalf of Ohio Partners for Affordable Energy