

In the Matter of the Annual Energy)
Efficiency Portfolio Status Report of Duke) Case No. 16-0513-EL-EEC
Energy Ohio, Inc.)

The Office of the Ohio Consumers' Counsel ("OCC") files these Comments on behalf of Duke Energy Ohio, Inc.'s ("Duke" or the "Utility") 400,000 residential electric consumers who pay for Duke's energy efficiency programs. This case affects residential consumers because the Public Utilities Commission of Ohio's (the "PUCO" or the "Commission") will be reviewing Duke's 2015 energy efficiency and peak demand reduction programs. To this end, residential customers paid approximately \$24.8 million in 2015 for Duke's energy efficiency programs.¹

On March 14, 2016, Duke filed its Annual Energy Efficiency and Peak Demand Reduction Status Report to the PUCO for the period of January 1, 2015 to December 31, 2015 (the “Report”) under Ohio Admin. Code 4901:1-39-05. Ohio Admin. Code 4901:1-39-06(A) permits interested persons to file comments regarding an electric utility’s initial benchmark report or annual status report within thirty days of the filing of such report.

¹ See Case No. 16-664-EL-RDR , Attachment JEZ-1 at 7.

I. COMMENTS

- A. **OCC recommends that Duke be required to file its total portfolio benefit-cost results for 2015 so that the PUCO can assess whether the programs are providing benefits to customers.**

In its Report, Duke provides the individual program results for its energy efficiency portfolio, but the Utility does not include the total portfolio benefit-cost results for 2015.² While the cost effectiveness of the individual programs is important information to evaluate, it is also critical to know the total portfolio benefit-cost result. This is significant because cost-effectiveness in Ohio is determined at the portfolio level under the Total Resource Cost (“TRC”) test. In this regard, Ohio Admin. Code 4901:1-39-04(B) provides:

Each electric utility shall demonstrate that its program portfolio plan is cost-effective on a portfolio basis. In general, each program proposed within a program portfolio plan must also be cost-effective, although each measure within a program need not be cost-effective. However, an electric utility may include a program within its program portfolio plan that is not cost-effective when that program provides substantial nonenergy benefits. (emphasis added).

The TRC is used to determine whether the value of the savings that result from energy efficiency and peak demand reduction programs exceeds the cost of the programs to the utility and participants. It also accounts for any increase in supply costs that may

² See Report at 54.

result from the programs.³ The TRC is an important test that, along with other tests,⁴ aids in considering potential bill impacts and customer equity concerns.

Duke should include the total portfolio cost effectiveness results for 2015 because they will help the PUCO and stakeholders to determine if the programs are providing sufficient benefits to customers that warrant continued funding. Portfolio cost effectiveness results also help stakeholders to measure the results of Duke's portfolio against the other Ohio utilities and utilities nationwide. Furthermore, other Ohio utilities have included this information in their yearly status report filings in past years.⁵ Customers should only be charged for cost-effective energy efficiency. It is therefore critical that Duke provide the total portfolio benefit-cost results for 2015 so that cost-effectiveness can be thoroughly evaluated.

B. OCC recommends that Duke explain in its Report why the participant test results for many of its energy efficiency programs are not listed, making it difficult to fully assess whether these programs are beneficial to customers.

Duke does not provide participant results for eight of its 13 programs in its summary cost-effectiveness table. The participant test results show the monetary benefits and costs to the customer from a Utility's energy efficiency program. These results can also lend insight into how many customers are participating in the program. To this end, the Utility provides participant test results for its Home Energy Solutions, Smart Saver

³ See Ohio Admin. Code 4901:1-39-01(Y) (TRC is "an analysis to determine, if, for an investment in energy efficiency or peak-demand reduction measure or program, on a life-cycle basis, the present value of the avoided supply costs for the periods of load reduction, valued at marginal cost, are greater than the present value of the monetary costs of the demand-side measure or program borne by both the electric utility and the participants, plus the increase in supply costs for any periods of increased load resulting directly from the measure or program").

⁴ Other tests include the participant, rate impact measure, and utility cost tests.

⁵ See, e.g., Case No. 15-777-EL-POR, Report at 4 (Dayton Power & Light); Case No. 15-919-EI-EEC, Report at 9 (AEP Ohio).

Residential, Smart Saver Non-Residential Custom, Smart Saver Non-Residential Prescriptive, and Small Business Energy Saver programs.⁶ Duke does not include participant results in its cost-effectiveness summary table for its Appliance Recycling Program, Energy Education Program for Schools, Low Income Neighborhood, Low Income Services, My Home Energy Report, Residential Energy Assessments, Power Manager, and Power Share programs.⁷ Duke should, minimally, footnote the cost-effectiveness summary table and explain to its evaluators why the participant test results are not reported.

The fact that Duke did not provide participation test results for eight out of 13 of its energy efficiency programs may lead the general public to question whether or not these programs are cost beneficial to customers. The results from various cost effectiveness tests, like the participant test, provide the PUCO and stakeholders with the full range of perspectives and the full range of costs and benefits with which to determine energy efficiency cost-effectiveness. This information would assist parties in determining whether the programs should be continued or changed in some respect. The PUCO should require Duke to supplement its Report and explain why the participant tests results are not included.

⁶ See Report at 54.

⁷ *Id.*

C. OCC recommends that Duke be required to include the amount of savings it has in its energy efficiency “compliance bank” in its annual status Report to ensure that consumers can assess the Utility's performance.

Duke relied in 2015 (and in past years⁸) on using banked savings (*i.e.*, energy efficiency savings earned in previous years) in order to achieve Ohio’s annual energy efficiency benchmarks. Otherwise, if Duke fails to meet its targets, it could be subject to fines under R.C. 4928.66(C).⁹

OCC recommends that the PUCO require Duke to identify the balances of its banked energy efficiency savings in its annual status report. Though Ohio law permits a utility to bank savings that exceed statutory requirements for future compliance with the benchmarks,¹⁰ it is not clear from the Report the extent to which Duke relied on banked savings to reach compliance in 2015. Nor does the Report state the balance of the Utility’s compliance bank.

It is important for parties to know the balance of Duke’s banked energy efficiency savings in order to fully assess the Utility’s performance for a specific year. It is also important to know how much of the Utility’s banked energy efficiency savings has been depleted (and how much is available for use in future years). The latter is critical in assessing and planning for future energy efficiency that must meet the higher compliance requirements of the future, *i.e.*, the leap from one percent to two percent of the utility’s annual sales in 2021.¹¹

⁸ See Case No. 15-454-EL-EEC; Case No. 14-456-EL-EEC.

⁹ See R.C. 4928.66(C) ("If the commission determines . . . that an electric distribution utility has failed to comply with an energy efficiency or peak demand reduction requirement of [4928.66(A)], the commission shall assess a forfeiture on the utility . . .").

¹⁰ See R.C. 4928.66(G).

¹¹ See R.C. 4928.66(A).

III. CONCLUSION

OCC appreciates the opportunity to submit these comments on behalf of the residential electric consumers in Duke's service territory — who are charged for the Utility's energy efficiency programs. OCC recommends that the PUCO require Duke to (1) provide its total portfolio benefit cost results for 2015, (2) provide the participant test results for all programs, and (3) include the amount of savings the Utility has in its "compliance bank." This information will help stakeholders and the PUCO assess whether changes should be made to the energy efficiency programs offered to and funded by Duke's customers.

Respectfully submitted,

BRUCE J. WESTON (0016973)
OHIO CONSUMERS' COUNSEL

/s/ Christopher Healey
Christopher Healey, Counsel of Record
(0086027)
Kyle L. Kern (0084199)
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Telephone (Healey Direct): 614-466-9571
Telephone (Kern Direct): 614-466-9585
Christopher.healey@occ.ohio.gov
(will accept service via email)
Kyle.kern@occ.ohio.gov
(will accept service via email)

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing *Comments* have been served upon the following parties via electric transmission this 13th day of April, 2016.

/s/ Christopher Healey
Christopher Healey
Assistant Consumers' Counsel

SERVICE LIST

William Wright
Ohio Attorney General's Office
Public Utilities Commission of Ohio
180 E. Broad St., 6th Fl.
Columbus, Ohio 43215
William.wright@puc.state.oh.us

Amy B. Spiller
Elizabeth H. Watts
Duke Energy Ohio Inc.
139 East Fourth Street
1303-Main
Cincinnati, Ohio 45202
Amy.Spiller@duke-energy.com
Elizabeth.Watts@duke-energy.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/13/2016 9:35:45 AM

in

Case No(s). 16-0513-EL-EEC

Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.