

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**IN THE MATTER OF THE APPLICATION OF  
OHIO POWER COMPANY FOR APPROVAL OF  
ITS ENERGY EFFICIENCY AND PEAK  
DEMAND REDUCTION PROGRAM  
PORTFOLIO PLAN FOR 2017 THROUGH 2020**

**CASE No. 16-574-EL-POR**

**IN THE MATTER OF THE APPLICATION OF  
DUKE ENERGY OHIO, INC. FOR APPROVAL  
OF ITS 2017-2019 ENERGY EFFICIENCY AND  
PEAK DEMAND REDUCTION PROGRAM  
PORTFOLIO PLAN**

**CASE No. 16-576-EL-POR**

**IN THE MATTER OF THE APPLICATION OF  
THE OHIO EDISON COMPANY, THE  
CLEVELAND ELECTRIC ILLUMINATING  
COMPANY, AND THE TOLEDO EDISON  
COMPANY FOR APPROVAL OF THEIR  
ENERGY EFFICIENCY AND PEAK DEMAND  
REDUCTION PROGRAM PORTFOLIO PLANS  
FOR 2017 THROUGH 2019**

**CASE No. 16-743-EL-POR**

**IN THE MATTER OF THE APPLICATION OF  
THE DAYTON POWER AND LIGHT  
COMPANY FOR APPROVAL OF ITS ENERGY  
EFFICIENCY AND PEAK DEMAND  
REDUCTION PROGRAM PORTFOLIO PLAN  
FOR 2018-2020**

**CASE No. 17-1398-EL-POR**

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**COMMENTS OF OHIO POWER COMPANY**

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**Filed November 25, 2019**

Am. Sub H. B. 6 (HB 6), which was signed into law on July 23, 2019 and became effective on October 22, 2019, terminates Ohio's annual energy efficiency (EE) savings requirements on December 31, 2020 and sets a new cumulative energy efficiency savings requirement to a statewide collective benchmark of 17.5% for the four electric distribution utilities (EDUs) combined, which can be deemed achieved through establishment of a date certain by the Commission. R.C. 4928.66 (A)(1)(a), (G)(2). By Entry dated October 23, 2019, the Public Utilities Commission of Ohio (Commission) solicited comments from interested persons on: (1) whether the Commission should terminate the energy efficiency programs once the statutory cap of 17.5 percent has been met; and (2) whether it is appropriate for the EDUs to continue to spend ratepayer-provided funds on energy efficiency programs after the statutory cap has been met. Ohio Power Company (AEP Ohio or the Company) is pleased to provide comments and recommendations regarding the two questions posed by the Commission in this docket and respectfully submits its initial comments.

**Question 1: Should the Commission terminate the energy efficiency programs once the statutory cap of 17.5 percent has been met?**

No, there is no practical way to determine exactly when the 17.5% requirement is fulfilled. And the statutory framework requires evaluation of the collective EDU savings achievement at the end of 2020. Rather, the Commission should harmonize all of the statutory provisions (discussed below) by selecting a reasonable date certain that is not earlier than the end of 2020. At the earliest, the Commission could exercise its statutory option to establish a reasonable date certain termination date of December 31, 2020, with a wind-down period beginning September 30, 2020 (for example, the EDU could avoid committing program resources to new customers during the wind-down period, etc.). This date certain approach is

much more practical, will result in less confusion and annoyance to customers, and will allow the utilities to plan and execute an orderly wind-down of their EE programs. After all, it is impractical if not impossible to coordinate a full-stop termination of EE programs at the actual time that 17.5% is actually reached. Through enactment of R.C. 4928.66(G)(2)(b)(ii), the General Assembly wisely provided for the date certain approach as an option and it is clearly the most reasonable path to wind down the EE programs – but that date certain should not be earlier than the end of 2020 because it would undermine other explicit provisions in HB 6. From a practical standpoint, early termination of the approved mandated energy efficiency programs using monthly EDU estimates of performance toward the 17.5% is uncertain and arbitrary and will have negative impacts on customers, solution providers and contractors.

Tracking real time energy savings on a statewide basis and implementing an immediate hard stop once 17.5% is reached is highly impractical for several reasons:

- Coordinating among the four EDUs as to real-time energy savings (for the first time in the program’s history) is not practical and the EDUs have no system or process in place to coordinate or allocate their efforts.
- Projected energy savings do not provide a definitive basis upon which to conclude that actual verified savings have occurred, while waiting for verified savings could result in over-achieving of the 17.5% mandate. Moreover, the baseline for calculating the actual savings level should be calendar year 2020 adjusted for the expanded mercantile customer opt-out impact.
- A hard stop would unnecessarily create a chaotic and disorganized result and create significant customer confusion and annoyance.
- The energy efficiency program portfolio is large and varied, requiring significant planning, coordination and communication with customers, trade allies, solution

providers and implementation contractors to provide significant notice to conclude mandated EE programs.

- Customers have enjoyed the benefits of energy efficiency programs for 11 years. Cutting off programs is unfair to all customers who are participating and who want to participate in 2020 after the arbitrary cut-off. Many customers plan their EE projects well in advance and need sufficient notice to budget accurately. EE projects in 2020 will not likely move forward without incentives, placing an unfair burden on customers who have pre-approvals or plan to participate in 2020. Termination of the mandatory EE programs based on monthly estimates isn't an effective planning tool for customers, solution providers, contractors or the utility.
- Termination of programs based on a monthly report of actual and forecasted energy efficiency from the EDUs also does not appear to include the evaluation, measurement and verification (EM&V) of achievements, which has historically been required. The Company recommends continuing EM&V; however, EM&V work could be abbreviated to reduce cost.

Perhaps more important than such practical considerations is that ending EE programs prematurely and by broadly presuming savings of 17.5% that have not yet been verified or projecting such savings into the future would conflict with multiple provisions within HB 6. For example, division (A)(1)(a) of R.C. 4928.66 was amended by HB 6 to reflect a 1% energy savings mandate for 2020 and ending too early would create a direct tension with that provision. And HB 6 extended all EDU portfolio plans through the end of 2020, R.C. 4928.66(F), so ending too early would also conflict with that component of HB 6.

Most obvious of all is that measuring the collective achievement in 2019 or early 2020 is inconsistent with the statutory language creating the basis for this proceeding:

Not later than *February 1, 2021*, the commission shall determine the cumulative energy savings collectively achieved, since 2009, by all electric distribution utilities in this state *as of December 31, 2020*.

R.C. 4928.66(G)(1) (emphasis added). Thus, the mandate for terminating EE programs based on the collective achievement of 17.5% requires the Commission to evaluate the level of statewide achievement “as of December 31, 2020” and to conduct the inquiry “not later than February 1, 2021.” How can the Commission examine compliance “as of December 31, 2020” by moving forward now or terminating the programs before the end of 2020? And how can the Commission use the 2020 baseline that reflect the expanded mercantile customer opt-out, as required by new division (G)(1)(b) of amended R.C. 4928.66? The language chosen by the General Assembly suggests that the inquiry should be taken up in January 2021, not November of 2019. And the EDU’s existing portfolio plans – approved through 2020 by HB 6 – will be abruptly and prematurely ended if the answer to the Commission’s first question is affirmative. In sum, the best way to give full effect to all of these provisions is to adopt a reasonable date certain for termination of the EE programs under R.C. 4928.66(G)(2)(b)(ii), which date certain should not be earlier than the end of 2020 (perhaps with a wind-down period toward the end of 2020 or later).

In addition to harmonizing these statutory provisions with the outcome of this case, the Commission’s selection of a date certain for deeming full compliance should be conservative in presuming unverified savings, avoid adverse impacts on the customer experience, and permit an orderly wind-down of mandatory EE programs. More specifically, adopting a date certain of September 30, 2020 will achieve positive practical results, including:

- Allow EDUs to plan and implement an orderly wind-down of the EE programs, with the ability to ramp down and minimize post-2020 cost reconciliation.

- Enable the EDUs to provide timely and effective communications to participating customers and follow through on existing commitments and pending proposals.
- Give the Commission a reasonable basis to conclude that the 17.5% energy savings will be achieved ahead of the December 31, 2020 portfolio plan expiration and the 1% mandate for energy savings in 2020.

**Question 2: Is it appropriate for the EDUs to continue to spend ratepayer provided funds on energy efficiency programs after the statutory cap has been met?**

Yes, all customers benefit from the mandatory energy efficiency programs. The program portfolio is cost effective and returns significantly more benefits to customers than costs. Every compliance filing since 2009 has demonstrated this fact and compliance filings, if allowed, for 2019 performance in May 2020 and 2020 performance in May 2021 are expected to continue that successful outcome for customers. Continuation of the programs past the 17.5% minimum is prudent (and as discussed above is practical and consistent with the HB 6 amendments as a whole), thus allowing EDUs to provide sufficient advance notice of program end dates to customers, solution providers and contractors. Using the “date certain” approach outlined above, EDUs can conduct an orderly shutdown of the mandatory programs in 4th quarter 2020 while also completing EM&V (even if abbreviated) for 2019 and 2020.

AEP Ohio understands the statutory requirement to bring the mandatory EE programs to an end. To provide a positive customer experience with sufficient notice, all pre-approvals of customer incentives should be honored and a date certain schedule should be established to end the mandatory energy efficiency programs. AEP Ohio requests that the Commission confirm that the following actions beginning in early 2020 are consistent with the HB 6 wind-down framework and part of a practical and prudent course of action:

- i. Honor all current approved energy efficiency projects.
- ii. September 30, 2020 – End acceptance of new direct rebate energy efficiency program applications for rebates (provide customers six months advance notice). Honor pre-approved direct rebates prior to September 30, 2020 for projects completed by December 31, 2020.
- iii. Continue the Community Assistance program to serve low income customers and the Appliance Recycling program that supports Community Assistance thru the end of 2020.
- iv. Continue energy efficiency education programs such as Home Energy Reports, e3Smart school education program, Energy Star benchmarking, Continuous Energy Improvement, Online Energy Audit, It's Your Power and Cross Sector programs through the end of 2020.
- v. Complete an abbreviated EM&V review of energy efficiency programs to be completed by the end of 2020.
- vi. AEP Ohio plans to file for approval a significantly lower cost demand side management portfolio of cost effective energy efficiency programs that mirror the successful and popular current customer programs that provide significant benefits to all customers. As the mandatory EE programs end, this new EE portfolio plan will begin in 2021. In addition, the Company is reviewing potential demand response opportunities to lower costs for all customers that could be part of this demand side management portfolio. Voluntary efficiency programs have existed even prior to the EE/PDR mandate where they are cost effective and beneficial to customers. Moreover, low-income programs have been pursued to support policy objectives for assisting those customers and uninterrupted

continuation of those programs should be considered as part of this transition.

Accordingly, as part of its decision in this case, the Commission should establish criteria and process for EDUs to continue uninterrupted provision of voluntary programs upon termination of the mandatory programs, including a cost recovery mechanism.

- vii. Finally, as part of the subsequent reconciliation and termination of AEP Ohio's underlying EE/PDR Rider, the Commission should ensure continued and uninterrupted cost recovery of non-EE costs currently recovered through the rider (IRP program costs) through an appropriate rate mechanism.

### **CONCLUSION**

For the foregoing reasons, AEP Ohio respectfully requests that the Commission adopt a date certain of December 31, 2020 for ending the current direct rebate EE programs, including a wind-down period starting September 30, 2020 and subsequent reconciliation of all programs after December 31, 2020. Further, AEP Ohio requests that the Commission confirm the above-listed course of action for reasonable and prudent wind-down action steps.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Comments of Ohio Power Company* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 25<sup>th</sup> day of November 2019, via electronic transmission.

/s/ Steven T. Nourse

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Summary: Comments - Comments of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company