

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Power Company for Approval to Expire Its)	Case No. 13-1937-EL-ATA
gridSMART Experimental Tariffs.)	
)	
In the Matter of the Application of Ohio)	Case No. 17-1234-EL-ATA
Power Company for Approval to Establish)	
Time-of-Use Rates.)	

**INITIAL COMMENTS BY THE ENVIRONMENTAL LAW &
POLICY CENTER AND OHIO ENVIRONMENTAL COUNCIL**

I. Introduction

As non-profit environmental advocacy organizations focused heavily on the environmental impacts of energy usage, the Environmental Law & Policy Center (ELPC) and the Ohio Environmental Council (OEC) (collectively, the “Environmental Advocates”) submit these comments on Ohio Power Company’s (AEP Ohio) application to amend its time-of-use (TOU) tariffs. Tariffs, especially time-of-use tariffs, when properly designed, can encourage people to shift their energy usage to ensure their utility is able to purchase less power at time of peak demand, saving customers money and reducing reliance on dirty fossil fuels, as further explained below. Additionally, customers who have installed net-metered generation facilities on their properties are incentivized to use less power at times of peak energy usage and are properly compensated with appropriate TOU rate structures.

The Environmental Advocates’ interest in these proceedings arises from the direct and indirect impacts of AEP Ohio’s tariff structure, its impact on customers, and its impact on the energy grid—and consequently, its impact on the environment. Both parties were also involved

in the preceding case from which AEP Ohio's Application stems. With those interests in mind, the Environmental Advocates submit the following comments, emphasizing the need for a time-of-use tariff that properly incentivizes energy savings at particular times of day and reflects the added value of net-metered generation facilities.

II. Comments

The Environmental Advocates provide comments on two aspects of AEP Ohio's proposed TOU rate: the benefits of a properly designed TOU rate, and a recommended framework for that design. Time-of-use rates represent the next step in modernizing AEP Ohio's rate design to more accurately reflect the costs of energy use within its distribution network. With the implementation of advanced metering infrastructure (AMI), AEP Ohio can track how much energy any customer is using at any given moment—and how much energy they are generating, if they are a net-metered customer-generator. By using properly constructed time-of-use tariffs, AEP Ohio can encourage less energy consumption during peak hours, reducing costs and reliance on expensive forms of generation which are often fossil fuels, and appropriately compensate customer-generators for their excess generation during peak hours.

A properly designed time-of-use rate will provide significant benefit to all customers within AEP Ohio's service area, and a three-tiered approach to pricing for the TOU tariff should be used--off peak, mid peak and peak hours—as described below. When rate design provides the right price signals customers will shift some of their energy usage from peak periods on the hottest summer days to off peak periods. This saves utilities from procuring generation at peak times when prices spike, and reduces the need for peak power—which often comes from dirty fossil fuel coal peaker plants, or natural gas (which still emits carbon). Additionally, this

framework more effectively compensates net-metered customer generators for the energy they generate during those peak hours.

A. Three-Tiered Approach to Time-of-Use Rates

The Opinion and Order in Case No. 13-1939-EL-RDR did, as AEP Ohio recognized in its Application in this case, require it to propose a two-tier, nontechnology TOU rate reflecting default load auction prices for AMI customers. However, the Environmental Advocates recommend that a three-tiered approach be used instead to best implement the goals of a properly designed TOU rate, which is to ensure a competitive marketplace and encourage behavioral shifts by AEP Ohio customers to consume less energy during peak hours. The settlement agreement that the Opinion and Order was based upon was agreed to over four years ago, and since that time our understanding of rate structures and best mechanisms to shift behaviors have evolved. To best encourage behavioral shifts in energy consumption, the Environmental Advocates recommend the following:

- Off peak hours: 7pm - 7am
- Mid peak hours: 7am - 2pm
- Peak hours: 2pm - 7pm

The resulting impacts will lower energy consumption, thereby lowering costs for consumers and reducing reliance on dirtier, more expensive forms of energy generation.

Should the Commission insist upon holding to the two-tiered approach, the Environmental Advocates strongly encourage the Commission to shift AEP Ohio's proposed hours to extend peak hours beyond 6pm through at least 7pm to discourage a spike when customers arrive home from work. AEP Ohio has currently proposed only a four-hour window

of 2pm to 6pm for Summer peak hours (May - October). However, Staff's report emphasized the need for precise peak hours in line with the best data:

Instead, the Company should propose an on-peak period that aligns with the seasonal (summer and winter) peak demand periods for the distribution system and that is consistent with the duration of the on-peak periods developed through the gridSMART pilot program offerings, i.e., six hours or less. Using a shorter on-peak period and the same proposed calculation method will result in a higher on-peak to off-peak ratio, which may improve the incentive to reduce consumption during the on-peak period. *See Staff Report* (May 30, 2019).

A five or six-hour window (2pm – 7pm or 8pm) will more accurately reflect the hours of high-energy usage and appropriately compensate consumers for changes in behavior.

III. Conclusion

For the reasons set forth the comments set forth above, the Environmental Advocates believe AEP Ohio's proposed TOU tariffs should be revised as explained.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served upon all parties of record via electronic mail on July 10, 2020.

/s/Miranda Leppla
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Commission of Ohio Docketing Information System on

7/10/2020 5:24:40 PM

in

Case No(s). 17-1234-EL-ATA, 13-1937-EL-ATA

Summary: Comments by the Environmental Law & Policy Center and Ohio Environmental Council electronically filed by Ms. Miranda R Leppla on behalf of Environmental Law & Policy Center and Ohio Environmental Council