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 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**

FINDING AND ORDER

Entered in the Journal on February 24, 2021

I. SUMMARY

{¶ 1} The Commission confirms that the statewide collective benchmark of 17.5 percent has been met with approximately 19.8 percent cumulative energy savings by the EDUs, collectively and terminates the EE/PDR cost recovery riders in accordance with R.C. 4928.66.

II. Discussion

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio); Duke Energy Ohio, Inc. (Duke); The Dayton Power and Light Company (DP&L); and Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy) are electric distribution utilities (EDUs) as defined in R.C. 4928.01(A)(6) and public utilities as defined in R.C. 4905.02 and, as such, are subject to the energy efficiency and peak demand reduction (EE/PDR) requirements under R.C. 4928.64 and 4928.66.

{¶ 3} Ohio Adm.Code Chapter 4901:1-39 provides rules for the Commission's review of each electric utility's EE/PDR program portfolio plan that consist of cost-effective programs to encourage innovation and market access for all customer classes, achieve the statutory benchmarks for peak-demand reduction, and meet or exceed the statutory benchmarks for energy efficiency. Ohio Adm.Code 4901:1-39-06 authorizes cost recovery riders to recover the costs of each EDU's EE/PDR programs.

{¶ 4} R.C. 4928.66(G), effective October 22, 2019, terminates Ohio's annual energy efficiency savings requirements on December 31, 2020, and reduces the total cumulative savings requirement to a statewide collective benchmark of 17.5 percent.

{¶ 5} Pursuant to R.C. 4928.66(G), on February 26, 2020, the Commission determined that the termination of all EE/PDR portfolio plans must occur no later than December 31, 2020, and ordered a wind-down of the statutorily required EE/PDR programs to commence on September 30, 2020. Finding and Order, (Feb. 26, 2020) at ¶ 44. In addition, the Commission granted Duke's request to extend its existing portfolio plan as approved in Case No. 16-576-EL-POR through December 31, 2020. *Id.* at ¶ 40.

{¶ 6} On March 27, 2020, Duke filed an application for rehearing. The Commission granted rehearing for further consideration of the matters raised on rehearing on April 22, 2020. The Commission issued a Third Entry on Rehearing, denying the application for rehearing on November 18, 2020.

{¶ 7} Also, on November 18, 2020, the Commission directed each EDU in this state to file, by December 1, 2020, proposed compliance tariffs for their respective EE/PDR cost recovery riders, setting the riders to zero, effective January 1, 2021. The Commission further directed each EDU to file an application for a final reconciliation of their EE/PDR cost recovery riders when the full information for such final reconciliation is available.

{¶ 8} On November 30, 2020, AEP Ohio filed its proposed compliance tariff in Case No. 16-574-EL-POR.

{¶ 9} On December 1, 2020, proposed compliance tariffs were filed by Duke and DP&L, in Case No. 16-576-EL-POR and Case No. 17-1398-EL-POR, respectively. Also, on December 1, 2020, as amended on December 23, 2020, FirstEnergy filed proposed compliance tariffs in Case No. 20-1673-EL-RDR and 20-1748-EL-ATA.

{¶ 10} On December 30, 2020, the Commission issued an Entry approving the proposed compliance tariffs filed by the EDUs regarding their respective EE/PDR cost recovery riders, setting the riders to zero subject to final reconciliation, effective January 1, 2021.

{¶ 11} On February 1, 2021, Commission Staff (Staff) filed a letter in the above-captioned cases addressing the cumulative energy savings achieved by the EDUs for years 2009 through 2020 pursuant to R.C. 4928.66(G)(1). Therein, Staff states that R.C. 4928.66(G) modified the individual annual energy efficiency targets of each EDU to a statewide, cumulative energy savings requirement of 17.5 percent. Additionally, Staff explains that R.C. 4928.66(G)(1) directs the Commission to determine, by February 1, 2021, the cumulative energy savings achieved, since 2009, by all EDUs as of December 31, 2020, including all energy savings achieved and banked using a baseline average of the adjusted total kilowatt hours sold in calendar years 2018, 2019, and 2020. Staff specifies that it asked each of the EDUs to provide data demonstrating energy savings achieved through the end of 2020. After reviewing the data, Staff has determined that the cumulative energy savings goal of 17.5 percent of the 2021 baseline has been met with approximately 19.8 percent cumulative energy savings by the EDUs, collectively. Staff notes that, although the energy savings reported by the EDUs are preliminary until finalized numbers are reported in the annual status reports due on May 15, 2021, it does not anticipate final energy savings to deviate greatly from current energy savings estimations in a way that would prevent the energy mandate from being met.

{¶ 12} The clear and unambiguous plain language of R.C. 4928.66(G)(3) states that, once the cumulative saving cap has been met on December 31, 2020, the EDUs' EE/PDR cost recovery riders must terminate. The Commission finds that R.C. 4928.66, specifies that the termination of all EE/PDR portfolio plans must occur no later than December 31, 2020. R.C. 4928.66(F)(2). After reviewing Staff's February 1, 2021 letter, we find that the total cumulative savings requirement of a statewide collective benchmark of 17.5 percent has been met with approximately 19.8 percent cumulative energy savings by the EDUs, collectively. Accordingly, given that the statewide collective benchmark of 17.5 percent has been met and December 31, 2020, has since passed, we direct that the EDUs' EE/PDR cost recovery riders terminate. We note that the sole exception to this termination is the reconciliation between "revenue collected" and "the allowable cost of compliance associated with compliance efforts" occurring prior to December 31, 2020, the date upon which full compliance with the cumulative savings cap will be met. Pursuant to R.C. 4928.66(G)(3), no cost recovery mechanism will be authorized by the Commission beyond the period of time required to complete this final reconciliation. The finalized numbers are to be reported in the annual status reports due on May 15, 2021.

{¶ 13} With the termination of the energy efficiency mandates, the Commission believes that it is appropriate to solicit the views of stakeholders on whether cost-effective energy efficiency programs are an appropriate tool to manage electric generation costs in this state and this region. Therefore, we will be holding a series of workshops in order to allow interested stakeholders the opportunity to present their views on the nature and scope of energy efficiency programs going forward and particularly how such programs fit into a competitive retail electric service market. A format and schedule for these workshops will be announced in the near future.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, The statewide collective benchmark of 17.5 percent has been met with approximately 19.8 percent cumulative energy savings by the EDUs, collectively. It is, further,

{¶ 16} ORDERED, That the EDU's EE/PDR cost recovery riders terminate. It is, further,

{¶ 17} ORDERED, That a copy of this Finding and Order be served upon each party of record.

COMMISSIONERS:
Approving:
M. Beth Trombold
Dennis P. Deters
Daniel R. Conway
Recusal:
Lawrence K. Friedeman

LLA/hac