

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion Energy) Case No. 22-0179-GA-ATA
Ohio for Approval of Tariff Revisions)

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion Energy) Case No. 22-0180-GA-UNC
Ohio for Approval of Carbon Offset Program)

**COMMENTS
OF THE STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO**

I. BACKGROUND

On March 11, 2022, The East Ohio Gas Company d/b/a Dominion Energy Ohio (hereinafter, DEO or “Company”) filed an application seeking approval from the Public Utilities Commission of Ohio (PUCO or “Commission”) for a voluntary carbon offset program, tariff revisions, and bill format changes.

On March 22, 2022, SFE Energy Ohio, Inc. and Statewise Energy Ohio, LLC filed for intervention in this proceeding.

On March 25, 2022, NRG retail companies filed for intervention in this proceeding as well as IGS.

On March 28, 2022, the Environmental Law & Policy Center filed for intervention in this proceeding.

On May 10th, 2022, the Retail Energy Supply Association filed for intervention in this proceeding.

On May 11th, 2022, the Office of the Ohio Consumers' Counsel filed for intervention in this proceeding.

The Company's application proposes that DEO would provide customer education on the importance of sustainability and the availability of carbon-offsetting rate offerings; administering the review of Competitive Retail Natural Gas Service (CRNGS) suppliers' compliance with Carbon offset offers and maintenance of customer portals and validating the CRNGS suppliers obtained sufficient carbon offsets to fully offset emissions associated with enrolled customers.¹

II. COMMENTS

Staff reviewed the Company's application and has concerns with the Company's proposed carbon-offset program.

First, DEO's proposed program design has several components that do not reflect the interests of all its customers and provide increased barriers for some CRNGS suppliers. The program is limited to energy choice transportation service customers and to CRNGS suppliers offering carbon-offset commodity services. The program is only available to customers who elect to receive CRNGS from a participating supplier, but not for those who elect to be supplied by another CRNGS product, by DEO's default service known as the Standard Choice Offer, or by those not eligible to shop. Importantly, only 16 of the 63 DEO CRNGS suppliers have expressed interest in the carbon offset program.²

¹ Application page 2.

² Response to Staff DR 1page 5.

Second, the term “carbon offset” is used to refer to an investment or action to reduce carbon dioxide or greenhouse gas (GHG) emissions. There are numerous types of offset programs such as planting trees, methane capture or energy efficiency, among others. Here, DEO’s program is not an energy efficiency or demand-side management strategy to reduce consumption. The program does not encourage the use of renewable energy sources. It is the CRNGS supplier who would offer the carbon offset program by investing or taking action to decrease GHG emissions.

Third, although Staff understands DEO’s interest for wanting to include CRNGS suppliers who may already offer carbon offset program in their competitive retail natural gas service offerings, Staff believes the Company’s proposal to administer a carbon offset program implemented through CRNGS services is counter to the Company’s role as a local distribution company. The Company is requesting permission to educate customers on specific CRNGS offers counter to the role of local distribution companies. In addition, the Company’s proposal limits CRNGS supplier participation by size and length of time operating in the Company’s territory without any reasonable rationale for those limitations, which suggests discrimination. The Company through the carbon offset proposal is requesting Commission permission to investigate CRNGS marketing offers beyond any other Ohio utilities authority. No natural gas local distribution company in Ohio investigates, verifies, and validates marketing claims or components of CRNGS offers as the Company is proposing to do with their carbon offset proposal. The Federal Trade Commission (FTC) prohibits

deceptive acts and practices³ and has a guide for the use of environmental marketing claims to avoid such acts⁴.

Fourth, CRNGS and Competitive retail electric service (CRES) suppliers have developed and marketed commodity service with a component of carbon offset or renewable sourcing for some time. The Company's proposal to administer these marketing offers is new. Staff does not believe that the Company is an appropriate entity to validate and verify CRNGS products that offer carbon offsets. There are no State or Federal mandates requiring utilities to assure CRNGS offers with carbon offset offsets are verified and validated. The FTC guideline at 260.5 states, "[g]iven the complexities of carbon offsets, sellers should employ competent and reliable scientific and accounting methods to properly quantify claimed emission reductions and to ensure that they do not sell the same reduction more than one time." It is the obligation of the seller to ensure that any claim of carbon offsets is valid. Currently, there are several registries in the voluntary offset market.⁵ DEO's program would increase the administrative costs to both customers and CRNGS providers to offer products with carbon offsets as these offers are not verified and validated by a utility today. Furthermore, the Company's proposal to administer CRNGS carbon offset offers includes no accountability to the FTC for any violations of the selling or marketing of

³ FTC ACT, 15 U.S.C. 45.

⁴See https://www.ftc.gov/sites/default/files/documents/federal_register_notices/guides-use-environmental-marketing-claims-green-guides/greenguidesfrn.pdf

⁵ Examples of registry: American Carbon Registry, Climate Action Reserve, Verified Carbon Standard, Gold Standard, Plan Vivo System

carbon offsets nor to customers if the CRNG supplier fails to acquire the requested certified credits.

Fifth, the Company's proposed carbon offset program differs from other Ohio utilities voluntary carbon offset programs which are straight pass-through contributions to carbon offset third parties of a fixed dollar amount. Other utility's carbon offset programs are not associated with the utility's choice programs. The Company does not offer such an option to customers.

The Company's application does not seek to recover costs associated with the program or increase DEO's rates in this proceeding. However, the Company is requesting recovery for all costs in future rate case or a deferral to another proceeding. The Company estimated start-up costs for the program of \$100,000 with ongoing costs of \$45,000 annually excluding costs for education. The Company will be passing all these costs to customers whether they participate or not. However, the actual carbon offsets are obtained from the CRNGS suppliers' program.

III. RECOMMENDATIONS

Staff recommends that the Commission deny the Company's application for a carbon offset program. Staff does not believe that the Company is an appropriate entity to validate and verify CRNGS products that offer carbon offsets. The Company's application is an overreach into the education, marketing, and control of CRNGS services and products. The proposed program would bar new CRNGS suppliers and small CRNGS suppliers from participation, which is unreasonable and discriminatory. Non-choice customers are not provided a carbon offset option, yet all DEO ratepayers

will be responsible for the costs of the program. And finally, the Company wishes to be the program administrator for CRNG suppliers carbon offsets but takes no accountability for CRNG suppliers' failures to deliver carbon offsets to customers.

**PUBLIC UTILITIES COMMISSION
OF OHIO STAFF**

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CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to these cases. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 13th day of May 2022.

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Summary: Comments electronically filed by Mrs. Tonnetta Y. Scott on behalf of
PUCO