

**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Ohio Edison Company, The Cleveland	)	
Electric Company, and The Toledo Edison	)	
Company for Authority to Establish a	)	Case No. 23-0301-EL-SSO
Standard Service Offer Pursuant to Revised	)	
Code 4928.143 in the Form of an Electric	)	
Security Plan	)	

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**INITIAL POST HEARING BRIEF  
OF  
ARMADA POWER, LLC**

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**I. INTRODUCTION**

On April 5, 2023, the Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company (collectively, the “Companies”) filed an application for a fifth electric security plan (“ESP V”) with the Public Utilities Commission of Ohio (“PUCO” or the “Commission”) for a period beginning June 1, 2024. The ESP application seeks to develop a new Energy Efficiency Cost Recovery Rider (“Rider EEC”) to recover costs of the Companies’ proposed energy efficiency programs.<sup>1</sup> The Companies are proposing a four-year plan (“EE/PDR plan”) with various programs including a Demand Response for Residential program.<sup>2</sup>

On October 11, 2023, the PUCO granted Armada Power’s motion to intervene in this matter. Armada Power creates technology solutions for demand management. Armada Power is headquartered in Columbus, Ohio and manufactures its equipment in Solon, Ohio. Armada Power’s main product is a secure and high-tech water heater controller which can be retrofitted onto any electric resistance water heater to manage charging and provide load shifting. The

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<sup>1</sup> Testimony of Witness McMillen, page 16, lines 17-18, Company exhibit 3

<sup>2</sup> Testimony of Witness Miller, page 4, lines 2-6 Company exhibit 5

Armada Power software platform transforms thousands of grid-connected water heaters into flexible energy storage-type devices for the power grid while minimizing the comfort impact to the water heater user.

As discussed in the testimony of Armada Power witness Kathleen McManus, the proposed EE/PDR plan unduly restricts participation to limited products and technologies and also ignores the impending implementation of FERC Order No. 2222. Modifications to the Companies' ESP application will improve the benefits to customers.

## **II. ARGUMENT**

The Demand Response for Residential program will provide customers in the Companies' territories with numerous benefits including peak demand management, reduced consumption, and availability of adequate and efficient service.<sup>3</sup> The benefits of such demand response programs grow as participation increases. The Commission and the Companies should ensure the greatest possible pool of customers eligible to enroll into the program, and modifying the program to include all demand-capable technologies in load reduction demand response will expand the pool of capable participants.

Under RC 4928.143(C), the standard for Commission approval of an electric security plan is whether the plan, including its pricing and all other terms and conditions, including any deferrals and any future recovery of deferrals, is more favorable in the aggregate as compared to the expected results that would otherwise apply under a market rate offer (MRO) under RC 4928.142. The Commission must ensure that the ESP as a total package is considered, including both a quantitative and qualitative analysis.

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<sup>3</sup> Testimony of Witness Miller , page 9, Company exhibit 5

Armada Power agrees with PUCO Staff witness Natalia Messenger that, with some modifications, the Companies' plan satisfies the "more favorable in the aggregate test" as set forth in RC 4928.143(C).<sup>4</sup> Armada Power contends that the EE/PDR plan should be modified as follows:

1. The load reduction programs should be technology neutral and allow participants to enroll any demand-capable technology.
2. The shareholder dollars from ESP IV designated for energy conservation, economic development and job retention should be used for the EE/PDR programs.
3. In addition to the modifications that should be made to First Energy's proposal for residential demand response program, the companies should develop a secure data sharing program to facilitate the aggregation of residential customers to participate in PJM markets.
  - A. **By making the Demand Response to Residential program inclusive of diverse demand response capable technologies, more customers will be able to participate, and provide greater benefits for the Companies' customers.**

As proposed by the Companies, the Load Control Demand Response component of the Demand Response for Residential program restricts participation based on the type of device eligible for the program. Customers that agree to join the program are limited to certain vendors selected by the Companies. And the program "will initially include customers' smart thermostats for control of air conditioning, and potentially electric vehicle charging or other equipment to optimize the use of and reduce load of connected devices during peak demand days."<sup>5</sup>

Rather than limiting the load control program to certain technologies such as smart thermostats, the Companies should allow customers to utilize any smart demand-capable technologies. As discussed in Witness McManus' testimony, expanding the load control demand response program to include technologies based on device capabilities, rather than a prescribed

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<sup>4</sup> Testimony Witness Messenger, page 3, lines 15-21, Staff exhibit 1.

<sup>5</sup> Testimony of Witness Miller, p. 20, lines 16-19

device, will ensure program success and efficiency.<sup>6</sup> Technologies like demand-response-capable water heaters are less invasive than smart thermostats.<sup>7</sup> Providing diverse options for customers to participate in the program will broaden the program appeal to a wider range of customers and provide more controllable load and greater indirect benefits. This will enhance the benefits of the EE/PDR programs, adding greater quantitative and qualitative benefits to customers.

**B. The unused portion of the shareholder dollars from ESP IV designated for energy conservation, economic development and job retention should be used for the EE/PDR programs.**

As part of the stipulation of the previous ESP, Case No. 14-1297-EL-SSO, the Companies agreed to utilize \$24 million of shareholder dollars over the eight-year ESP period to fund energy conservation programs, as well as economic development and job retention programs.<sup>8</sup> As of July 31, 2023, the Companies have only spent \$2,170,944.<sup>9</sup> It is Staff's recommendation that any unused portion of the \$24 million be credited to ratepayers. There are approximately 2,140,400 ratepayers in the Companies' service territories. If the remaining \$21,829,056 is unused by May 31, 2024, then at best, each of the Companies' customers will receive a one-time bill credit of approximately \$10.00 dollars.

Conversely, if the remaining shareholder dollars are used to expand and enable participation in demand management programs such as the Demand Response for Residential program, there will be a greater overall benefit for ratepayers and the grid. By utilizing these existing funds from ESP IV for the EE/PDR program, the funds will further the intended purpose

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<sup>6</sup> Testimony of Witness McManus, page 6, line 1-2

<sup>7</sup> Id at 16

<sup>8</sup> *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan*, Case No. 14-1297-EL-SSO, et al., Third Supplemental Stipulation and Recommendation, at 17 (Dec. 1, 2015).

<sup>9</sup> PUCO DR-005-1.

of energy conservation and economic development as Witness Miller testified.<sup>10</sup> Currently, the EE/PDR program has a Total Resource Cost Ratio (“TRC”) of 1.3.<sup>11</sup> This means that for every dollar spent on the EE/PDR program, there is a \$1.30 dollar benefit to the customers. If the remaining shareholder funds from ESP IV are utilized for the EE/PDR program, the TCR ratio would improve, adding greater quantitative benefits to customers.

**C. The companies should develop a secure data sharing program to facilitate the aggregation of residential customers to participate in PJM markets.**

The PJM capacity markets provide the potential for additional incentives for customers to install and engage with demand-capable technologies within their homes. As Armada witness McManus testified, FERC Order No. 2222 enables smaller distributed energy resources (“DERs”), like demand response technologies, to be aggregated together for participation in RTO/ISO electricity markets. PJM has requested an implementation date of February 2026, which is less than twenty-four months after the start date of this ESP application. Effective compliance with the FERC Order will require participation from the utilities to coordinate and approve aggregations of smaller DERs with PJM and curtailment service providers (“CSPs”). So, the Companies must begin these coordination efforts sooner rather than later.<sup>12</sup>

Under the Companies’ proposal, witness Miller testified that residential load control customers would retain the demand response attributes they have under the law, and to the extent permissible, be able to participate in PJM markets.<sup>13</sup> To enable residential customers to participate in PJM capacity market programs, the Companies should facilitate data sharing to PJM on behalf of the customers and their CSP. Under the current PJM tariff, customers wishing to participate in

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<sup>10</sup> Miller, Transcript Vol. V, page 975, line 3-9

<sup>11</sup> Testimony of Witness Miller, attachment ECM-4, Company Exhibit 5

<sup>12</sup> FERC Order 2222 requires enrollment verification and event coordination between PJM and the distribution utilities, see Testimony of Witness McManus, page 8, lines 9-10.

<sup>13</sup> Testimony of Witness Miller, Transcript Vol IV, page 910, lines 6-18.

PJM capacity markets must provide: (1) Retail account number, (2) Premise address, (3) Customer's PLC or at least the customer data needed to calculate a PLC (Customer's demand during the 5 PJM Coincident Peak Hours, (4) Line loss factors for the customer, (5) Winter Peak Load data – which comes from two winters in the past.<sup>14</sup> If the Companies enable their residential customers to easily participate in the PJM capacity markets, which provide economic incentive to shift their load, customers will receive greater quantitative and qualitative benefits from demand response programs as facilitated by sharing the data with PJM.

### III. CONCLUSION

For the foregoing reasons, the Commission should adopt the Companies' proposed EE/PDR plan with Armada's proposed modifications.

Respectfully submitted,

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<sup>14</sup> Testimony of Witness McManus, page 7 and 8, lines 21-1.

**CERTIFICATE OF SERVICE**

I hereby certify that the Public Utilities Commission of Ohio's e-filing system will electronically serve a copy of this filing on all parties referenced in the service list of the docket who have electronically subscribed to this case.

/s/ *Brian A. Gibbs*

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Summary: Brief Initial Post-Hearing Brief electronically filed by Brian A. Gibbs on  
behalf of Armada Power, LLC.