



Before the House Public Utilities Committee
Interested Party Testimony on HB 114
March 21, 2017

Chairman Seitz, Ranking Member Ashford and members of the House Public Utilities Committee, my name is Zachary Frymier and I am the Director of Energy and Environmental Policy for the Ohio Chamber of Commerce. I am here today to testify in support of making lasting reforms to Ohio's energy mandates.

The Ohio Chamber is the state's leading business advocate and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans. Through the great work of the Ohio Chamber's energy and environment committee, our members have taken a close look at the provisions contained in House Bill 114.

It is important to recall why we are discussing this bill today. Several years ago, the Ohio Chamber advocated for SB 310. Our members expressed serious concerns about the escalating costs of Ohio's energy efficiency mandates, in particular, as Ohio's businesses were paying monthly charges to fund energy efficiency programs. Since the creation of these mandates, all Ohio customers have paid more than \$1 billion to comply. With forecasts suggesting that figure could rise to \$500 million per year by 2020 to fund energy efficiency programs alone, we supported SB 310 because it suspended further increases in the mandates for two years and created an Energy Mandates Study Committee.

On January 1st, 2017, that freeze, unfortunately, was allowed to expire when the Governor vetoed Substitute House Bill 554.

HB 114 does a number of things, but there are two items discussed in this debate that will address our members' concerns with compliance costs.

First, this bill would enhance the ability of customers to take advantage of the streamlined process created in SB 310 to allow for opting out of a utility's energy efficiency portfolio plan. The streamlined opt out was made available to energy-intensive customers because these users already invested heavily in energy efficiency upgrades, largely due to marketplace demands. Under HB 114, this option would expand to mercantile users, customers defined in law as a commercial or industrial electric customer that consumes more than 700,000 kilowatt hours per year or is part of a national account.

We strongly support this provision as it allows businesses to take control of their energy efficiency plans and strengthens the ability of employers to respond to marketplace demands in reducing energy consumption. Energy efficiency helps businesses compete when they are able to allow free enterprise to drive their investment decisions rather than only those steps approved by government.

Second, the legislation would ensure that policies, practices and programs designed and implemented with energy efficiency in mind count towards compliance with the mandates. As written, HB 114 would accomplish this longstanding goal of the Ohio Chamber. It is common sense to recognize and count all activities that reduce energy usage. Innovation is crucial to businesses reducing energy usage.

Consumer reductions in water usage is but one example of a host of changes that work to reduce energy usage and, under an all means all approach that was envisioned under SB 221, should be counted. Additional reductions in energy consumption will only become harder and more expensive as the mandates increase. Allowing all activities that increase energy efficiency to count for compliance would ease the burden of these mandates on Ohio businesses.

The Ohio Chamber of Commerce strongly supports the ability of businesses to strategically invest in energy efficiency upgrades. An “all of the above” strategy would strengthen our manufacturing sector, reduce pollution and build a diverse energy portfolio. The changes highlighted in my testimony strike the right balance between the needs of energy consumers and the need for energy efficiency.

These mandates cannot be allowed to continue without reforms that would prevent damage to our state’s economic climate and the ability of businesses to create jobs. Removing the uncertainty once and for all over this issue is absolutely critical to growing our economy.

We urge you to again act to protect employers from the escalating costs of Ohio’s energy efficiency mandates. Thank you.