



Before the House Energy and Natural Resources Committee
Interested Party Testimony on Substitute House Bill 6
May 7, 2019

Chair Vitale, Ranking Member Denson and members of the House Energy and Natural Resources Committee, my name is Zachary Frymier and I am the Director of Energy and Environmental Policy for the Ohio Chamber of Commerce. Thank you for allowing me the opportunity to offer interested party testimony on Substitute House Bill (Sub. HB 6).

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.

The Ohio Chamber provided interested party on HB 6 several weeks ago. At the time, we highlighted our request going back six years for reforms to Ohio's energy efficiency mandates. It is our understanding that many of our members will likely see reductions in their electric bill if Sub. HB 6 is enacted, with modification, even if many of them cannot support Sub. HB 6's broader goals.

Subsidies, if strictly necessary, should ideally be market-driven to keep costs low and not stifle private sector investment. However, the Ohio Chamber recognizes and supports a key component of this bill that is lacking in other states that have enacted similar proposals: caps on the costs that customers pay. These caps are written into the law and bring stability and predictability to businesses who must be sensitive to not only energy prices in Ohio but globally.

Our push for reforms to the energy efficiency mandates has included several pieces. We have long supported expanding the option of opting-out from the energy efficiency mandates to mercantile customers. This opt-out has already been made available to energy-intensive customers to reflect their historical commitment to investing in energy efficiency absent any requirement to do so.

Our members face constant competitive pressure to reduce their energy usage and become more energy efficient. The mandates in current law not only force companies to pay into a pool of money and then ask for rebates of their dollars back to put towards efficiency projects, less the inevitable administrative costs, but it also effectively subsidizes the efficiency upgrades of their competitors. We are extremely pleased that the substitute bill included this opt-out.

We also appreciate the provision requiring the Ohio Air Quality Development Authority to initiate an inquiry in 2029 as to the continued necessity of the Ohio Clean Air Program.

There is, however, a major outstanding issue that could prevent this bill from delivering relief from the energy efficiency mandates. Although we understand work is underway to modify the language, the bill applies the monthly charges to fund the Ohio Clean Air Program to each account. A business customer that is contemplated to receive a set monthly charge on their bill could see that figure multiplied several times, potentially increasing the cost burden and upending the calculus that this bill delivers lower rates.

Additionally, while we understand the intent of the language allowing programs to encourage efficiency is to return the law to its pre-Senate Bill 221 state, we encourage the committee to recognize that businesses will continue to invest in efficiency in response to market demands. For this reason, we support the mercantile opt-out for the terminating energy efficiency programs and all future programs.

Thank you for the opportunity to discuss the Ohio Chamber's perspective on Sub. HB 6. Sub. HB 6 allows businesses to invest their own dollars in energy efficiency, an approach consistent with the Ohio Chamber's support for free enterprise. We appreciate this bill's proposal to finally take action on providing needed relief from the escalation costs of Ohio's energy efficiency mandates after years of debate. We look forward to continuing to provide our interested party comments as the bill moves forward.