



**Ohio House Energy and Natural Resources Committee
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Ohio Partners for Affordable Energy
Interested Party Testimony
May 8, 2019**

Chairs Vitale, Vice Chair Kick, ranking member Denson, and members of the Ohio House Energy and Natural Resources Committee, thank you for the opportunity to submit interested party testimony on Substitute House Bill 6 (Sub. HB 6). I am Dave Rinebolt, and I serve as executive director of Ohio Partners for Affordable Energy (OPAE), an organization that advocates for affordable utility rates and provides energy efficiency and bill payment assistance services to the most vulnerable families in Ohio.

While we are resubmitting the testimony that we offered to the Energy Generation Subcommittee on the introduced version of HB 6. I want to add a couple of key points for emphasis.

- The current version of the bill eliminates \$15 to \$20 million of current funding for providing energy efficiency services to low income residences.
- These energy efficiency programs target assistance toward the disabled, elderly and families with children. Homes must have high energy use or high energy burden to be weatherized. We rarely serve households where the inhabitants are adults that are not disabled, elderly, or there are no children in the home. There are 1.4 million families – 32.5% of Ohio’s households -- who qualify for weatherization assistance

under federal law. We will have no problem finding what some may view as the 'deserving' poor.

- We project that 500 Ohioans who are involved in the building and construction industry have jobs that rely on this funding and, thus will lose their jobs, if HB 6 as it is currently written is adopted.
- We have been assured by members of both parties that finding a fix for this situation is a priority for them, and we look forward to working with you as the bill makes its way through the legislative process.

Background on the Bill

Sub. HB 6 would create a state program to purchase Clean Air Credits from electric generation facilities that are certified as a Clean Air Resource in order to keep those resources profitable or to incentivize investments in carbon-free or reduced-carbon resources through a mechanism that is an alternative to the existing Advanced Energy Standard. I'll not reiterate the detail of the bill; that has been covered more than adequately in prior testimony.

The sponsors contend that the program will reduce rates because payment of the Advanced Energy and Energy Efficiency and Demand Response Riders authorized by SB 221 would become optional. Those combined rider average \$4.89/month as opposed to the eventual \$2.50/month payment under this proposal according to the Legislative Services Commission. However, the Advanced Energy and Energy Efficiency and Demand Response Riders will continue to cover existing contractual and

financial commitments, so the actual savings will depend on the size of those riders going forward.

The Problem with Opt-in Processes

Ohio Partners for Affordable Energy is concerned about the elimination of consistent funding for energy efficiency. An opt-in approach will not provide the certainty necessary for electric distribution utilities (EDUs) to continue their demand side management (DSM) portfolios. All one has to do is look at the two approaches to governmental aggregation – opt-in and opt-out. Opt-out programs have been extremely successful while opt-in aggregations are generally unsuccessful at enrolling the number of customers necessary to effectively negotiate in the energy marketplace.

Energy Efficiency Programs for Low Income Families Will Be Slashed by

Sub. HB 6

OPAЕ and its member nonprofit agencies are troubled because eliminating the Energy Efficiency and Demand Response Rider will also eliminate funding for low income energy efficiency programs. These are the consequences:

- Statewide programs that provide \$15-20 million in services to help Ohio's most vulnerable families afford their electric utility bills will end.
- 10,000 fewer homes will be weatherized annually. Needy families will pay two months of electric bills that could have been saved through efficiency measures.

- Up to 500 jobs at agencies and contracting companies will be eliminated.

Nonprofit corporations serving families in need cannot afford to carry employees when there is no funding, nor can contractors or any other business.

OPAЕ and its member agencies hope that eliminating low income efficiency programs was unintentional. Since 1981, Ohio has assisted families that cannot afford their utility bills with payment assistance, payment plans, and weatherization programs. The General Assembly has traditionally favored weatherization funding over payment assistance because it is a *permanent* solution to energy affordability. After receiving weatherization services, many households no longer need help to afford their utility bills. If low-income weatherization is eliminated there will be a greater need for bill payment assistance; bad debt and disconnections will increase, raising costs for ratepayers; and, families who simply lack the funds to pay their electric bill could be uprooted from their homes, schools and nearby jobs.

Another benefit of weatherization now being recognized is the positive effect it has on a family's health, an impact that can be measured. Most of those receiving weatherization services have an elderly or disabled person, or children in the home. These families often lack the resources to maintain their homes. Weatherization identifies gas leaks, unsafe wiring and appliances that are ducting carbon monoxide into the home. This happens more often than you think. We see many homes where families cannot afford to replace a broken furnace and, instead, use electric space heaters or propane burners that are risks for fire and carbon monoxide emissions. And, of course, if utility bills are affordable, people stay warm and can afford pay for the food

and medications they need.

A recent national evaluation found that the weatherization services our nonprofits deliver actually reduce medical costs for families by an average of \$14,000 over the life 16-year life of the measures. Cutting funding for weatherization programs is effectively telling a family they cannot save over \$800 per year; savings that occurs because family members no longer miss work or school because of illness; fewer prescriptions are needed, and emergency room visits go down. This is particularly the case for people with asthma, COPD, and circulatory problems. Weatherization reduces Medicaid costs.

Solutions

How can this be fixed? The easiest thing would be to leave existing energy efficiency programs in place. Let's keep in mind what efficiency programs are all about: purchasing kilowatt hours, just like you purchase generation except the efficiency is cheaper. Annual evaluations demonstrate that efficiency programs are saving customers money. Three of the four utilities continued to offer programs during the freeze of the energy efficiency standards, indicating support for the programs from electric distribution utilities. The cost is modest and the return on investment is positive. Efficiency benefits the environment and families, regardless of income.

The alternative is to designate a low-income energy efficiency program as a 'Clean Air Resource', and provide \$20 million annually from the Ohio Clean Air Program Fund, managed by the Ohio Air Quality Development Authority ("OAQDA"). Our proposed amendment phases in this solution over two years as our members' existing

arrangements to provide low-income energy efficiency services expire. Funding would be allocated each year to the nonprofits that currently manage and deliver weatherization services, and would be overseen by OAQDA. This would continue providing energy savings, emissions reductions, and other non-energy benefits, at least for the most vulnerable families.

Poor families have always borne the brunt of pollution. They live in the lowlands that flood, near plants that release carcinogenic emissions, in older homes with asbestos and lead-based paint. They do not live there because they want to but because they cannot afford anything else.

OPAE believes that reducing carbon emissions is critical to our future, and the bill makes clear that feeling is shared by members of this General Assembly. We also believe it is critical to continue programs that help families in need address emissions. It is a way for the households with elderly, disabled, and children to contribute to solving the crisis.

Weatherization works. It reduces emissions, saves families money, improves people's health, and makes homes more resilient. Efficiency programs save ratepayers money on their bills by reducing utility costs. Please let us continue the work we are called to do and ensure the continuation of low-income efficiency programs -- a clean air resource.

I thank you for the opportunity to share our views.