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**HOUSE ENERGY AND NATURAL RESOURCES COMMITTEE**  
**MAY 15, 2019**

Chairman Vitale, Ranking Member Denson and Committee Members, my name is Madeline Fleisher and I am testifying today on behalf of the Environmental Law and Policy Center (ELPC). I appreciate the opportunity to speak to you today as an attorney who has spent literally thousands of hours dealing specifically with Ohio energy efficiency programs over the last several years – participating in more than 50 utility energy efficiency collaborative meetings, litigating in over 20 PUCO dockets related to energy efficiency, and even working to implement energy efficiency improvements at my synagogue.

With that background, I very much appreciate the opportunity to talk to you today about three assertions I've heard over the course of the discussion about House Bill 6 regarding energy efficiency.

First, I know many people have gotten the idea that the “low hanging fruit” of efficiency is gone because we've run out of lightbulbs to replace. However, this is far from the case according to Ohio's own utilities. The most recent available Ohio study of energy efficiency program potential, which Dayton Power & Light filed with the PUCO in 2017, provides a conservative estimate that utility programs can continue to produce substantial cost-effective savings through 2027 – even accounting for pending increases in federal residential lighting efficiency standards.<sup>1</sup> According to DP&L's analysis, more than half the potential in the residential sector between 2018 and 2027 comes from non-lighting measures such as smart power strips, refrigerator recycling, duct sealing, efficient computers, and water efficiency devices. That makes sense, since according to the U.S. Energy Information Administration's Residential Energy Consumption Survey from 2015, lighting isn't even among the top three residential end uses for electricity in the Midwest, outranked by space heating, air conditioning, and water heating.<sup>2</sup> Meanwhile, DP&L's study also showed that the commercial and industrial sectors can still be a source of more than 40% of the total savings potential for 2018-2027 if the utilities are able to continue running comprehensive programs addressing electricity uses like lighting, refrigeration, cooling, motors, and air compressors.

Second, I'm not sure many witnesses before this committee have addressed the proposition that the utilities will continue to run robust energy efficiency programs without “mandated” targets. The fact is, utilities without specific, binding efficiency targets – both in Ohio and nationally – run much smaller and less comprehensive efficiency programs. In Ohio, although natural gas utilities do technically run conservation programs pursuant to a statutory mandate – Ohio Revised Code 4905.70 – they don't have to meet any specific energy savings

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<sup>1</sup> PUCO Case No. 17-1398-EL-POR, Application of the Dayton Power & Light Company for Approval of Its Energy Efficiency and Peak Reduction Program Portfolio Plan, Appendix A, <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=cbb8db40-0f90-44e2-91ca-88c8963bd232>.

<sup>2</sup> See U.S. Energy Information Administration, 2015 RECS Survey Data, Tables C5.3a and C5.3b, <https://www.eia.gov/consumption/residential/data/2015/index.php?view=consumption#undefined>.

targets. As a result, some gas utilities (such as Duke Energy) don't run any efficiency programs at all. Those that do are much smaller than on the electric side. Columbia Gas of Ohio, which runs among the biggest programs of any Ohio gas utility, provides only minimal program offerings for commercial and industrial customers. Statewide, according to the latest information compiled by the American Council for an Energy-Efficient Economy for 2017, Ohio gas utility programs saved just 0.15% of retail sales, while electric utility programs saved 0.96% of retail sales.<sup>3</sup>

In other words, without a state standard setting a baseline savings target, Ohio gas programs delivered less than a sixth of savings to customers versus the savings provided by electric programs in the state. That is what we expect will happen if those efficiency programs not only become voluntary, but have to be layered on *top* of the "Clean Air" charge proposed in House Bill 6. Currently these efficiency programs directly save residential customers an average of \$6.11 a month – and I was just looking at the latest utility filings on their 2018 programs last night from AEP and Duke, which are coming into the PUCO now, showing that both utilities are reaching half or more of their residential customers in **a single year** to deliver such savings.<sup>4</sup> Those savings will decrease and customers' bills will go up if House Bill 6 passes and utilities are allowed to set their own targets and run only the easiest programs.

Third, and finally, I want to talk about the idea that we no longer need energy efficiency with cheap natural gas flooding the market. That's been a factor for several years now, yet the Ohio electric utilities still easily deliver energy savings at less than the cost of electricity, even natural gas generation. Those savings provide cost-effective resources in the wholesale market, with the amount of energy efficiency that cleared as a resource in the 2021/2022 PJM capacity auction – which is just a small portion of the energy efficiency improvements actually happening on the group – rising by more than 1100 megawatts from the previous year.<sup>5</sup> That means energy efficiency measures, including eligible measures from utility efficiency programs, are competing on cost with even the cheapest generation sources.

I didn't address the issue in my original written testimony, but I also want to note that these energy efficiency resources are cheaper than generation even with the costs of overhead. Those overhead costs represent the work that it takes to get incentives or just educational content about efficiency out to customers so they can take advantage of inexpensive efficiency measures, such as the staff time from the utilities, the cost of the third parties the utilities contract with to run the programs, marketing, etc. ELPC and other intervenors like the Ohio Consumers' Counsel, and most importantly PUCO staff, scrutinize these costs during the Commission approval process for the utility programs. While we'd of course like to see them lower, we generally find minimal waste. It's no different than the overhead costs to running a number of

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<sup>3</sup> ACEEE, The 2018 State Energy Efficiency Scorecard, Tbls. 8 and 10, <https://aceee.org/research-report/u1808>. Note that these figures include data from Ohio municipal and rural cooperative utilities.

<sup>4</sup> PUCO Case No. 19-621-EL-EEC, Annual Energy Efficiency Status Report of Duke Energy Ohio, Appendix L, <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=6d6581d4-98c6-4ad0-9a31-a1e2c05d93a9>; PUCO Case No. 19-1099-EL-EEC, AEP Ohio 2018 Portfolio Status Report of the Energy Efficiency and Peak Demand Response Programs, Appendix S, <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=69ad6770-4642-4da2-aa57-b4911626c757>.

<sup>5</sup> PJM, 2021/2022 RPM Base Residual Auction Results, <https://www.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2021-2022/2021-2022-base-residual-auction-report.ashx>.

aspects of the utility business, like billing or tree trimming. In the final analysis, the Commission reviews the total costs of the programs including those overhead costs, and compares them to the cost of generation that the efficiency replaces. Even with the overhead, the efficiency costs less and saves customers money.

In our many years participating in the debate about Ohio energy efficiency policy, ELPC has always advocated for a balanced energy portfolio for the state. The utilities' own analysis and potential studies show that energy efficiency can continue to be a significant, cost-effective part of that portfolio. Substitute House Bill 6 will remove the regulatory guardrails that ensure that role for energy efficiency and will raise customers' bills.