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**Written Testimony for the Ohio House Public Utilities Committee of Advanced Energy
Management Alliance – October 22, 2019**

The Advanced Energy Management Alliance (“AEMA”)¹ thanks the members of the House Public Utilities Committee for the opportunity to submit this written testimony. AEMA is a trade association under Section 501(c)(6) of the Federal tax code whose members include national distributed energy resource (“DER”), demand response (“DR”), and advanced energy management service and technology providers, as well as some of the nation’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. This filing represents the opinions of AEMA as an organization rather than those of any individual association members.

AEMA members have a significant presence in Ohio, and facilitate the participation of approximately 2,300 Ohio businesses, local governments, and institutions in the PJM emergency demand response programs, totaling approximately 1,800 MW.² The PJM Independent Market Monitor reported that this demand response program has saved PJM customers as much as \$11.8 Billion in a single year,³

¹ For additional information, see AEMA website: <http://aem-alliance.org>

² PJM Demand Side Response Operations, *2019 Demand Response Operations Market Activity Report: October 2019*, at 3, (October 21, 2019), <https://www.pjm.com/-/media/markets-ops/dsr/2019-demand-response-activity-report.ashx?la=en>

³ Monitoring Analytics, *Analysis of the 2013/2014 PJM Base Residual Auction Revised and Updated*, at 52 (September 20, 2010), <http://www.monitoring>

[analytics.com/reports/Reports/2010/Analysis_of_2013_2014_RPM_Base_Residual_Auction_20090920.pdf](http://www.monitoringanalytics.com/reports/Reports/2010/Analysis_of_2013_2014_RPM_Base_Residual_Auction_20090920.pdf).

Savings vary from year to year, but are consistently in the billions of dollars. For the most recent year, the PJM Independent Market Monitor reported that demand response saved PJM customers as much as \$1.7 Billion in the latest Base Residual Auction, a 16% reduction in costs to customers relative to if they had not participated. Monitoring Analytics, *Analysis of the 2021/2022 PJM Base Residual Auction Revised and Updated*, at 70 (August 24, 2018),

while participating Ohio customers receive tens of millions of dollars in payments each year that they can re-invest in their business to help them stay competitive. Moreover, PJM credited demand response with helping keep the lights on during the 2014 Polar Vortex.⁴ AEMA members are proud of their role in strengthening grid reliability and the competitiveness of the Ohio economy.

Ohio commercial and industrial customers have benefited tremendously from the competitive, de-regulated marketplace for energy services like demand response. AEMA members and other companies compete on a level playing field to deliver value to customers, without any need for Ohio ratepayers to bear their risks of investment. AEMA member companies have spent hundreds of millions of dollars of private capital to develop customer-centric energy solutions that facilitate a more efficient and reliable electricity system, including installing their own advanced metering solutions where necessary to provide more granular insights into customers' energy usage. This has fueled Ohio to its leading place as having one of the highest penetrations of demand response resources in the country.

HB 247 would interfere with the competitive marketplace for energy services and create a massive and unnecessary cost-shift from the private sector to Ohio ratepayers. There is no evidence that this would benefit consumers. Instead, it would allow utilities to earn guaranteed rates of return on investments that are properly recognized as the competitive, de-regulated domain. While utilities should be encouraged to work with third-party energy service providers to deliver cost-effective services to their customers, they should be prohibited from using their monopoly status to intrude on a well-functioning market.

Ohio benefits most from a dynamic and competitive marketplace for energy services. It is precisely this environment that has driven vast savings for Ohio consumers to date at no risk to ratepayers. **AEMA urges the Committee to reject HB 247 and instead find opportunities for Ohio**

http://www.monitoringanalytics.com/reports/Reports/2018/IMM_Analysis_of_the_20212022_RPM_BRA_Revised_20180824.pdf

⁴ Petition For Rehearing En Banc Of PJM Interconnection, L.L.C., *Electric Power Supply Ass'n v. FERC* at 10-11, No. 11-1486 (D.C. Cir. July 7, 2014).

utilities to take advantage of the competitive third-party marketplace that already exists. AEMA would be glad to be a resource for members and their staff on how to do so.

Thank you for the opportunity to submit testimony on this important topic.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Katherine Hamilton".

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October 22, 2019

Appendix: What is demand response?

According to PJM, the wholesale electricity system operator for Ohio:

“Demand response is a voluntary [] program that allows end use customers to reduce their electricity usage during periods of higher power prices. In exchange, end-use (retail) customers are compensated through PJM members known as Curtailment Service Provider[s] for decreasing their electricity use when requested by PJM.

Demand response programs provide end-use customers with the ability to manage their electricity use in response to conditions in the wholesale market. They can reduce their electricity consumption when wholesale prices are high or the reliability of the grid is threatened, receiving payments for the reductions they make. Common examples of reductions are turning up the temperature on the thermostat to reduce air conditioning, or slowing down, or stopping production at an industrial facility temporarily.”⁵

Additional energy reduction strategies at customer sites include reducing non-essential lighting, adjusting HVAC equipment, dialing back pumps, changing settings in industrial freezers, or using a back-up generator to temporarily support load. In PJM, Curtailment Service Providers work closely with customers to identify their energy reduction potential and develop detailed dispatch plans. Customers are typically only dispatched 1-2 times per year for reliability or testing purposes, although customers with additional flexibility can be voluntarily dispatched more frequently to capture additional revenue and savings.

Please get in touch with AEMA if you would like additional information on the role that demand response plays in Ohio, and we can direct you to further resources.

⁵ <https://learn.pjm.com/three-priorities/buying-and-selling-energy/markets-faqs/what-is-demand-response.aspx>