House Bill 6 (Callender, Wilkin) of the 133rd General Assembly

Testimony of Amy Spiller
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Co-Chair Stein, Co-Chair O’Brien, and Members of the Subcommittee on Energy Generation, my name is Amy Spiller and I am the President of Duke Energy Ohio and Duke Energy Kentucky. Our parent, Duke Energy Corp., is a Fortune 125 company and one of the largest energy holding companies in the United States. Duke Energy employs more than 29,000 industry professionals and, through its regulated subsidiaries, provides utility service to approximately 7.6 million retail electric customers and 1.6 million natural gas customers across seven states – Ohio, Kentucky, Indiana, Tennessee, North Carolina, South Carolina, and Florida. Duke Energy owns and operates 49,500 megawatts of regulated generation capacity, comprised of a diverse mix of nuclear, natural gas, coal, hydroelectric, solar, and fuel oil powered units. Duke Energy’s nonregulated generation business owns and operates an additional 3,000 megawatts of renewable resources across the country.

In the Buckeye State, Duke Energy Ohio provides retail electric service to approximately 700,000 customers and natural gas service to approximately 435,000 customers. After 180 years of service, we are woven into the fabric of our communities. In 2018 alone, our employees and retirees volunteered over 13,400 hours of their time to 3,000 events and community projects and contributed over $1.2 million to organizations across the Greater Cincinnati region. During this same period, the Duke Energy Foundation invested over $2.9 million in the Greater Cincinnati region to advance education, workforce development and urban revitalization and to protect the environment. Duke Energy truly powers the lives of our customers.

On behalf of Duke Energy Ohio and our customers, I appreciate the opportunity to share a perspective on energy policy and House Bill 6, the latter which seeks a new clean energy policy pathway for Ohioans. Duke Energy Ohio supports a comprehensive approach to a policy that provides for the continued development of cleaner energy options for our customers and acknowledges the benefits that a diverse supply portfolio affords. In fact, during deliberations over the alternative energy and energy savings requirements now codified in Title 49, Duke Energy Ohio advocated for an “all of the above” approach that included energy efficiency. Today, the Company continues to refer to energy efficiency as “the fifth fuel,” next to nuclear, natural gas, coal and hydroelectric sources. After all, the cleanest megawatt is the one you don’t build. As such, an Ohio clean air program should include energy efficiency.

Energy efficiency creates value for all customers by reducing the amount of energy and capacity required across the entire system. This means less reliance on the wholesale market to meet customer demand, lower wholesale costs, and thus, lower retail costs for all customers. Less electricity production also means less social and environmental impacts. Duke Energy Ohio’s
customers and other stakeholders understand and appreciate these results. Our customers are well informed of and actively participate in the Company’s innovative and evolving offerings. Importantly, our industrial, commercial, and residential customers continue to rely on Duke Energy Ohio’s expertise in advancing energy efficiency programs that provide tangible benefits. In fact, demand for energy efficiency program benefits has been so great in recent years that some Duke Energy Ohio customers interested in participating were unable to do so because the program of their choice was already fully subscribed.

The Company’s actual experience in providing energy efficiency and demand reduction programs demonstrates the value to be gained. From the approval of Duke Energy Ohio’s first energy efficiency portfolio in 2009 through 2018, the Company’s customers have saved 2.5 million megawatt-hours of electricity and have produced nearly 600 megawatts of peak demand savings. These energy savings are equivalent to eliminating an entire year of energy usage for over 175,000 average residential customers. Based on typical residential billing, this represents over $240 million available to be redirected locally for other purposes. The market signals imbedded in Duke Energy Ohio’s experiences and data clearly illustrate strong customer demand for continued utility-offered energy efficiency programs.

This leads to a suggestion for 133-House Bill 6. An abrupt elimination of the energy efficiency standard will affect established and widely accepted programs, directly impacting Ohio electric distribution utilities and their collective 4.8 million customers. If the state is to move away from an energy efficiency standard prior to 2027, Duke Energy Ohio suggests that it be modified and retained for a reasonable period of time to allow affected stakeholders to adjust to the change. To enable benefits to continue to flow to customers statewide, such an approach should be accompanied by the following:

1. Recognition of energy efficiency as a clean air resource, with a measured phasing out of the existing standard by 2023.
2. Creation of annual savings targets of 1 percent for each year through 2023.
3. Confirmation that energy efficiency programs approved by the Public Utilities Commission of Ohio should be eligible for clean air credits at a rate of 1 credit per 100 kilowatt-hours of energy saved.
4. Allowing energy-efficiency-generated clean air credits to be redeemable from the Clean Air Program Fund at the established per-credit price.
5. Requirement that funds derived from energy efficiency-sourced clean air credits be used by utilities to offset recoverable program costs associated with energy efficiency programs.
6. Confirmation that upon conclusion of the phase-out, utilities are permitted to seek approval from the Public Utilities Commission of Ohio for energy efficiency programs and utility incentives to offer those programs.
Reforms such as those suggested above, working simultaneously within the clean air program, will provide favorable outcomes for customers, private industry, public utilities, and the State of Ohio. Such reforms will better serve Ohioans for the following reasons:

1. Customers will continue to be provided with much needed and desired energy savings programs.
2. Utility companies will be permitted to plan and appropriately manage existing vendor contracts without financial repercussion.
3. Energy efficiency service companies will be able to continue their work while they adjust their business models.
4. Customer and utility interests in energy efficiency will be aligned without involving a state-imposed standard.

In conclusion, I appreciate the opportunity to offer an informed perspective on the issue of energy efficiency. I also express a desire to work with members of this subcommittee, the House of Representatives, the Senate, and Governor DeWine’s administration on other aspects of House Bill 6. Lastly, Duke Energy Ohio remains committed to working on the state’s evolving energy policy and, specifically, the role public utilities play in fulfilling our customers’ energy needs.