

April 22, 2019

Representatives Dick Stein and Michael J. O'Brien, Co-Chairs
Energy and Natural Resources Subcommittee on Energy Generation
Ohio General Assembly, Statehouse
Columbus, Ohio 43215

Dear Representatives Stein and O'Brien and Members of the Committee,

I write to you in my personal capacity as the former Consumers' Counsel for the State of Ohio in the sincere hope that you will not pass HB 6 which is neither a bill that will save consumers money nor a bill that will decrease carbon emissions as advertised.

Let's look at the economics first. Talking points distributed by the bill sponsors claim that the energy efficiency payments are higher than the \$2.50 monthly charge proposed in HB 6 for the Clean Air Fund and so by eliminating the energy efficiency payment, this represents a net savings. If only that were true. Section. 4928.471 of proposed House Bill 6, requires decoupling. Decoupling is a regulatory mechanism to compensate utilities for lost revenues due to energy efficiency programs it has implemented. Under decoupling, there is a periodic true-up based on the difference between the revenues authorized by the Public Utilities Commission in a rate case and what they actually earn, with the over or under collection included in a rider¹. Under Section 4928.471, the base level of revenues is set at the level that includes the revenues collected for energy efficiency. For a rate reduction to occur, the base level of revenues would have to be reduced to exclude the money collected for the defunct energy efficiency programs. Thus, the \$2.50 is an added charge on top of what customers are currently paying for energy efficiency, but without the benefit of the programs which reduce system costs and helps customers lower their household energy costs.²

The \$2.50 fee is a tax masquerading as a utility charge. Over 100 years of regulatory theory with case law to back it has held that rates paid by customers are based on their utility's cost of serving its customers as determined by the Public Utilities Commission. The \$2.50 tax I will pay to my utility under HB 6 will not change or improve my service. It is not a cost the utility justifiably needs to collect to provide me electric service.

¹ For more information on what decoupling is and how it works, see, <https://www.raponline.org/wp-content/uploads/2016/05/rap-migden-decouplingworldbankgroup-v2-2012-jun-11.pdf>

² See http://www.mwalliance.org/sites/default/files/meea-research/2009-2017_ohio_energy_and_bill_savings-meea-final.pdf (For every \$1.00 spent, customers save \$2.65). Further, for low-income customers who have benefited from energy efficiency programs, this will result in a hardship. Adding additional salt to the wound is the increase in rates which will harm customers who worry every month about energy affordability.

In contrast to the clear benefits of energy efficiency, there is no benefit to customers who pay the \$2.50 because there is no guarantee that this will produce fewer carbon emissions than would have been produced by maintaining the *status quo*. For example, the lack of specificity regarding the amount of carbon reductions to be eligible for HB 6 subsidies is a glaring omission. If First Energy reduces carbon emissions by even as little as .1%, that would qualify it for money in the fund as the legislation is currently written. Sadly, HB 6 will perpetuate the continued operation of high cost, high carbon emitting power plants while eviscerating the very policies that produce low-cost, low-carbon options. Energy efficiency is the least cost option and wind has surpassed nuclear, coal and natural gas as a lower cost option.³ Further, the cost of renewable energy continues to decline at a more rapid pace than conventional technologies⁴.

States across the nation and countries across the globe are increasing their reliance on renewable energy and energy efficiency. In Texas, this is occurring naturally as free market forces dictate the energy resource mix.⁵ Other states, like Washington are moving forward with authentic clean energy legislation.⁶ Kansas, Iowa and Oklahoma lead the country in having the most wind and solar in their resource mix.⁷ According to the National Council of State Legislators, seven states (California, Hawaii, Massachusetts, New Jersey, New York, Oregon, and Vermont, plus the District of Columbia) have renewable energy requirements of 50 percent or greater.⁸ (Puerto Rico has likewise joined this group in the past few weeks).⁹ While other states recognize the value of low cost, truly clean sources of energy and reap the benefits, Ohio, to its shame and embarrassment, will move in the opposite direction into the dark if it passes HB 6.

Thank you for your consideration of this letter. Please do not hesitate to contact me if I can be helpful.

Sincerely,

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³ See, https://www.lazard.com/media/450781/11-18-lcoelcos-press-release-2018_final.pdf

⁴ *Id.*

⁵ <https://www.dallasnews.com/opinion/commentary/2019/04/20/texas-proves-booming-renewable-energy-doesnt-bring-electricity-price-armeddon>

⁶ <https://www.vox.com/energy-and-environment/2019/4/18/18363292/washington-clean-energy-bill>

⁷ <https://www.eia.gov/electricity/monthly/>

⁸ <http://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx>

⁹ Puerto Rico this month passed S. 1121 known as Act 17-2019, which calls for 100% renewable by 2050.

