

**TESTIMONY OF ROBERT KELTER
ENVIRONMENTAL LAW AND POLICY CENTER
OHIO SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
WENESDAY, January 10, 2018**

Good afternoon Chairman Balderson, ranking member Ranking Member O'Brien and members of the committee. Thank you for the opportunity to testify before you today.

The key fact at the heart of the debate over this bill is that Ohio currently has achievable targets for energy efficiency and renewable energy. Hence, ELPC urges the committee to take a careful look at the energy efficiency and renewable energy standards before it makes changes. In doing this analysis, it's important to remember a few things:

First, Energy efficiency replaces energy generation. While EE charges appear separately on customers' bills, this is misleading. If customers weren't saving energy through efficiency programs funded by those charges, they would be paying more on the rest of their bill for the extra electricity used. Utilities and suppliers have two ways of supplying customers: 1) they can purchase energy on the wholesale market; and 2) they can fund efficiency programs that reduce customer usage. Most importantly, the law requires that all EE plans must be cost-effective, which means efficiency must cost less than the generation the customers would otherwise purchase. Also, by reducing overall usage the efficiency programs drive down the price that everyone pays for generation in the electricity market.

Commission Staff, which has never been an advocate for efficiency, did a report for the Joint Study Committee that concluded these efficiency programs can lower market prices for all customers by more than 5%. This reflects the utilities purchasing less electricity, and less need to purchase electricity at peak times when electricity is most expensive. And one more point here. The law already has a clause, Section 4928.66(A)(2)(b) that allows the utilities to petition the Commission for a waiver on the goal if the utility feels it cannot find enough cost-effective efficiency to meet its goals.

The bottom line here is that we should make sure that we don't pass legislation that raises customers' bills by lowering the efficiency standards. We should keep the current targets and close the counting loopholes. We should also do a better job educating customers on how much the legislation has done to help them save on their bills.

Shifting to renewable energy, the current standard of 12% by 2027 is easily achievable and a smart hedge. Ten years from now, a lifetime in the way technology changes, the RPS requires Ohio utilities to provide customers 12% of their electricity from renewable energy. This means that a decade from now 88% of our energy will still come from coal, nuclear and natural gas. As the world moves towards a clean energy economy,

companies like Amazon and Google demand that electricity suppliers move towards renewable energy, and Ohio should continue moving forward on renewables to keep up with this market.

Recognizing these facts, Ohio's neighbor Michigan, recently increased its renewable standards from 10% to 15%. Specifically, on December 21, 2016, Governor Snyder signed Public Act 342. This Act, known as the Clean and Renewable Energy and Energy Waste Reduction Act, amends Michigan's 2008 energy law. The Renewable Energy Standard requires Michigan electric utilities to achieve a retail supply portfolio that increases from 10% in 2015 to 15% in 2021. The Act has an interim compliance requirement of 12.5% in 2019 and 2020. We are not talking about California or Vermont, we are talking about Michigan – a conservative, Republican controlled state that values its manufacturing base and focuses on creating middle class jobs.

Finally, we remind the committee that once built, wind and solar generation have no fuel costs. Hence, there's no price volatility and they serve as a good hedge to supplement the 88% of our energy that will come from coal, natural gas and nuclear generation.

We truly believe that the closer legislators look at the facts here, the better this bill will get. We need to look past labels and adopt policies that benefit consumers. That means standards that encourage more efficiency and more renewables.