

Ohio Partners for Affordable Energy

P.O. Box 1793
Findlay OH 45839-1793
419. 425.8860
www.ohiopartners.org

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Executive Director & Counsel

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Counsel

Interested Party Testimony on House Bill 114

before the

Senate Committee on Energy and Natural Resources

Christopher Allwein

Executive Director, Ohio Partners for Affordable Energy

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Good afternoon Chairman Balderson, Vice Chairman Jordan, Ranking Member O'Brien, and esteemed members of the Senate Energy and Natural Resources Committee. My name is Chris Allwein, and I am an energy and utility law attorney. I am also the executive director of Ohio Partners for Affordable Energy (also known as "OPAE"). I am also a life-long Ohioan.

Thank you for providing OPAE a forum for input on House Bill 114 and allowing me to provide interested party testimony today. My testimony will focus primarily on the energy efficiency side of the bill.

Introduction and Background

Ohio Partners for Affordable Energy (“OPAE”) is a non-profit, member organization created more than 20 years ago to advocate for affordable energy policies for moderate and low-income Ohioans. Sixty OPAE member agencies provide essential energy services, including bill payment assistance, weatherization and energy efficiency, and housing services to over 400,000 households statewide annually. OPAE manages energy efficiency and bill payment assistance programs for income-eligible households, as well as providing consulting and research services to public and private organizations on a variety of energy-related topics. OPAE and its members cover all 88 counties in this great state.

Regarding energy efficiency specifically, OPAE members, consisting of Community Action Agencies, non-profits, and local governments, are a network of seasoned, trained professionals. It takes a long time to understand how weatherization measures (i.e. insulating the wall, attic and crawlspace areas, air sealing, gas and electric energy efficiency measures, and HVAC improvements) can affect a house. Before, during and after the weatherization process on any structure, these professionals employ building science to understand and ensure structural durability, occupant safety, indoor air quality, and to address moisture issues. Cutting-edge technology such as blower doors and combustion analyzers are used in order to protect structures and occupants, and to produce energy savings on some of the oldest and poorest housing structures in the state. By doing so, energy usage is reduced anywhere from 15 to 40 percent.

Depending on the weatherization measure, the savings will endure for more than 20 years. These measures reduce energy usage, reduce a customer’s energy bill (leaving them money

to spend on other areas of what is likely a limited household budget), provide a more comfortable dwelling space, conserve resources, reduce pollution and provide system benefits to both gas and electric distribution infrastructure.

If you haven't been out to a weatherization demonstration by your local agency, I urge you to make time to do so. I am happy to arrange for such a visit for any legislator in any Ohio county. Please contact me and it will happen. I know that you will be impressed by the science, dedication and hard work that is put in to each and every project by folks in your communities.

The LIHEAP Transfer

The current language in HB 114 contains language that intends to increase the percentage of the Low Income Home Energy Assistance Program ("LIHEAP") funds received from the federal government so that they can be used to weatherize income-eligible housing through the Home Weatherization Assistance Program ("HWAP"). We support this provision. HWAP is combined with utility funding in order to serve more income-eligible customers and provide comprehensive energy efficiency retrofits. As noted above, the savings and benefits produced by these retrofits persist for a generation, as opposed to a one-time subsidy.

Not only do the savings and other benefits endure, but they also reduce the Percentage of Income Payment Plan ("PIPP") costs, which have gone down by a third since the inception of the PIPP Plus program. When utility customers receive comprehensive weatherization services, they are, according to the most recent study conducted by Ohio's Development Agency, 50 percent less likely to participate in PIPP the next year. This is a significant benefit for all Ohio utility ratepayers.

However, to ensure that the language of HB 114 accomplishes a 25 percent transfer of LIHEAP funding, it must be amended. The current language references and modifies the LIHEAP funding in the previous General Assembly's biennial operating budget – House Bill 64. To be effective, the language should reference and modify the LIHEAP language in the current General Assembly's budget, House Bill 49. Moreover, I would be remiss in not acknowledging that HB 49 did move forward the effort increase the percentage of LIHEAP funding spent on weatherization. It set the transfer at 20 percent. Chairman Balderson, OPAE is appreciative of your and your colleagues' efforts to accomplish this important first step. By updating the current language in HB 114, the General Assembly will be completing the task and will increase the percentage of federal funds that are spent on weatherization to the full 25 percent as permitted by federal law.

This change, based on previous federal LIHEAP allocations, would result in an increase of about 7 million dollars annually for weatherization activities in Ohio. Given that Ohio's average cost per unit for comprehensive weatherization is approximately \$6,500, this change would result in approximately one thousand more homes being weatherized each year. Because of this impact, OPAE supports this portion of House Bill 114 and appreciates the efforts of this committee and others to invest in energy efficiency infrastructure.

Other Recommendations for Modifications of House Bill 114.

My recommendations for improving HB 114 focus mainly on the energy efficiency side of this bill. They are as follows:

1. Make it Accurate

Because of individual and system benefits produced, OPAE believes that the current energy efficiency requirements for Ohio utilities should be maintained. Ohio utility customers and Ohioans should be able to assess the standards placed on utilities to their full extent. Currently, a customer's bill reflects only the monthly cost of energy efficiency (and separately, renewable programs). As noted above, energy efficiency provides several, calculable benefits. OPAE recommends that rather than just reflecting the costs, the benefits should also be reflected in any display. Without that, utility customers only see half of the picture. When a family buys groceries for the week, they don't look only at the cost, they acknowledge the benefit (and necessity) of being able to eat for seven days. When someone buys gas for their car, they don't just look at the cost, they also acknowledge the benefit of how many miles they drive (to work, school, and the grocery store). With energy efficiency standards, the utilities could provide a number that reflects spending combined with the benefits. It is important that Ohio utility customers and Ohioans should have access to understand what they are buying with the energy efficiency rider. This would provide a fair and balanced look at how energy efficiency programs, paid by customers and delivered by utilities, impact Ohio's utility distribution and infrastructure.

OPAE also believes that no cap should be implemented on energy efficiency spending. As documented by several witnesses in front of this committee over the course of years, energy efficiency is the cheapest form of energy "generation." Ohio should not discourage the provision of affordable, reasonably-priced energy to customers. Energy efficiency measures reduce usage of direct participants and provide system-wide savings for non-participants. Utilities currently provide the Public Utilities Commission of Ohio ("PUCO") with hundreds of

pages of data on a quarterly and annual basis for review. These submissions contain both spending details and savings information. Thus, both saving and spending information is readily available. The PUCO has seasoned, expert staff capable of determining whether utility costs for energy efficiency measures are prudently incurred. OPAE recommends that spending decisions and review be left to the PUCO rather than limited by statute.

2. Make it Count

The bill in its current form creates new counting provisions for prior investments in that will not result in increasing energy efficiency in this state. The idea of behind the creation of Ohio Revised Code Section 4928.66's counting measures in SB 221 was to spur investment in *new* energy efficiency. Thus, counting measures previously undertaken for reasons other than energy efficiency should not be counted towards a new goal. These measures were already accounted for in the baseline calculations for previous years. Ohio should encourage and incent new spending on cutting edge measures for existing customers and new construction, to align with the currently-stated intent of this section of law.

In addition, the legislature should allow the PUCO to develop and produce an opt-out process for customers that have verifiable spending and usage that cannot be curbed with the latest technology. Again, the idea is to incent investment, and make Ohio competitive in a global economy. The PUCO and its staff are capable of developing, implementing and administering an opt-out that doesn't throw the baby out with the bathwater.

3. Encourage Prudent Utility Investment in Community Renewable Projects

OPAЕ understands that there are many experts that can testify to the benefits of encouraging utility renewable investment. But I would like to point out that OPAЕ is currently working on developing pilot, community solar projects for communities that have aggregately undertaken and completed energy efficiency retrofits. These projects would allow customers to reduce usage even further, and allow utilities to invest in and pilot community-centered distributed generation. It would make renewable technology affordable and available to those who want it, but would not be able to afford an individual solar array. We think this is going to be a worthwhile endeavor, but will not be able to complete it without utility assistance and cooperation.

Thank you again Chairman Balderson and committee members. Ohio Partners for Affordable Energy is glad to further engage with this committee to ensure that our state energy policies lead the nation and benefit all of its citizens.

I welcome any questions that you might have.

Thank you.

Christopher Allwein

callwein@ohiopartners.org

(614) 329-6204