



Before the Senate Energy and Natural Resources Committee
Interested Party Testimony on Substitute HB 114
January 10, 2018

Chairman Balderson, Ranking Member O'Brien and members of the Senate Public Utilities Committee, my name is Zachary Frymier and I am the Director of Energy and Environmental Policy for the Ohio Chamber of Commerce. I am here today to testify in support of making lasting reforms to Ohio's energy efficiency requirements.

The Ohio Chamber is the state's leading business advocate and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

Since the creation of the energy efficiency mandates, all Ohio customers have paid more than \$1 billion to comply. With forecasts suggesting that figure could rise to \$500 million per year by 2020 to fund energy efficiency programs alone, the Ohio Chamber has asked the legislature for years to act. In 2013, we testified in support of SB 58. In 2014, we testified in support of HB 310. In 2016, I stood before this committee and supported House Bill 554 and its compromise approach would have reined in the costs of the energy efficiency requirements before a freeze instituted to study the mandates lapsed. On January 1st, 2017, that freeze, unfortunately, was allowed to expire after the Governor vetoed Substitute House Bill 554 and Ohio's businesses were left exactly where they started: burdened by increasingly costly artificial additions to their electricity bills.

Meanwhile, the multi-year portfolio plans the utilities file with the PUCO to outline their compliance programs speak to what the Ohio Chamber has warned for years: the cost to reduce the same amount of electricity is increasing. Efficiency programs targeted to business customers provide tangible benefits. However, the administrative costs of third-parties, rather than Ohio businesses, directing energy efficiency spending adds millions of dollars every year to electricity bills in Ohio and are now locked in until the plans expire.

Sub. HB 114 does many things, but there are two items in the legislation that will address our members' concerns with compliance costs.

First, this bill would enhance the ability of customers to take advantage of the streamlined process created in SB 310 to allow for opting out of a utility's energy efficiency portfolio plan. The streamlined opt out was made available to energy-intensive customers because these users already invested heavily in energy efficiency upgrades, largely due to marketplace demands. Under Sub. HB 114, this option would expand to mercantile users, customers defined in law as

a commercial or industrial electric customer that consumes more than 700,000 kilowatt hours per year or is part of a national account.

We strongly support this provision as it allows businesses to take control of their energy efficiency plans and strengthens the ability of employers to respond to marketplace demands in reducing energy consumption. Energy efficiency helps businesses compete when they are able to allow free enterprise to drive their investment decisions rather than being limited to only those actions approved by government.

Second, the legislation would ensure that policies, practices and programs designed and implemented with energy efficiency in mind count towards compliance with the mandates. As written, Sub. HB 114 would accomplish this longstanding goal of the Ohio Chamber. It is common sense to recognize and count all activities that reduce energy usage. Innovation is crucial to businesses reducing energy usage.

The consequences of failing to address the energy efficiency mandates will only increase in severity as the annual reductions required of the utilities, and ultimately their customers, double after 2020. With past program budgets as a guide, administrative costs and total program budgets are sure to increase and make Ohio less competitive by artificially raising the cost of electricity. To protect Ohio's business climate, the Senate must pass permanent reforms to the energy efficiency mandates without delay.

Thank you.