

**House Bill 114, Senate Energy and Natural Resources Committee
Interested Party Testimony of Joseph Olikier, Senior Regulatory Counsel, IGS Energy
June 6, 2018**

Chairman Balderson, Vice Chair Jordan, Ranking Member O'Brien, and members of the Committee, good afternoon and thank you for the opportunity to provide interested party testimony on House Bill 114 as amended. I am Joseph Olikier, Senior Regulatory Counsel at IGS Energy.

IGS Energy is a family-owned, Ohio-based competitive supplier of retail electric and natural gas service that employs more than 600 people in the state. Our mission is to serve our customers by bringing transparency, simplicity, and ease to energy pricing, products, and services through the competitive marketplace. We believe in the individual consumer who will play a vital role in shaping the future of energy. It is with these goals in mind that we are compelled to recommend changes to House Bill 114.

IGS is here today to provide perspective regarding the proposed modifications to the energy efficiency mandates. First, we strongly support the provision of the bill that would streamline Competitive Retail Electric Service ("CRES") providers' ability to apply on behalf of CRES customers to an energy efficiency program offered by an Electric Distribution Utility ("utility") without restricting the utility from counting the energy savings toward its energy efficiency compliance requirements. CRES customers should be able to benefit from energy efficiency improvements on equal footing with customers directly participating in a utility's portfolio plan. While we appreciate the work of the Chairman and members of the Senate Energy and Natural Resources Committee on this important issue, we have seen firsthand the

inefficiencies in Ohio's energy efficiency programs and feel compelled to offer these insights today.

Under the current statutory structure, the utility energy efficiency programs are inefficient. A review of recent utility energy efficiency programs will show that in many instances less than half of the spending goes toward actual energy efficiency. In other words, while utility energy efficiency program budgets can exceed over \$100 million annually, often less than half of the program dollars are being returned to customers for energy efficiency. There is an overwhelming amount of money going toward non- energy efficiency items such as overhead costs, marketing and advertising activities of the utility, lost distribution revenues and shared savings for utility shareholders. This results in tens of millions of wasted dollars each year.

To be clear, the inefficiency of the programs has little to do with the mandates the utilities are required to meet. Rather, it is related to the manner in which the utilities implement the programs.

Customers simply will not realize the full benefits of energy efficiency programs they are paying for unless the programs are required by statute to be more efficient by spending funds on actual energy efficiency. The current structure under Ohio law does not provide the appropriate checks to ensure Ohio's dollars are not wasted.

In light of these concerns, IGS proposes the following requirements to enhance the bill:

1. 75% of utility energy efficiency program spending, inclusive of shared savings, should be required to be spent on energy efficiency incentives provided to customers.

2. Advertising and marketing expenses should make up only 2% of the overall energy efficiency program spending and;
3. Any advertising and marketing dollars should explicitly mention a specific energy efficiency program or type of energy efficiency being deployed for Ohio customers.

To the extent that the General Assembly intends to revise Ohio's energy efficiency mandates, the foregoing requirements would help to clean up the inefficiencies of the energy efficiency programs, benefit the Ohio customers paying for the programs, and bring energy efficiency improvements to the State at a fair and reasonable cost. Thank you for the opportunity to speak with you about the current version of House Bill 114. In any remaining time, I would be happy to answer any questions.

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