

Sub HB 114 Interested Party Testimony
Tom Froehle, Vice President External Affairs, AEP Ohio
June 20, 2018

Good Afternoon Chairman Balderson, Vice Chair Jordan, Ranking Member O'Brien and members of the Senate Energy and Natural Resources Committee. Thank you for the opportunity to provide Interested Party Testimony on Sub House Bill 114.

My name is Tom Froehle, and I am the Vice President of External Affairs for American Electric Power (AEP) testifying on behalf of AEP Ohio.

AEP operates in 11 states including Ohio which has 1.5 million customers. AEP is headquartered here in Columbus and currently has over 6,500 employees working in the state.

AEP Ohio appreciates the modifications that the Senate made in the substitute version of House Bill 114. AEP has focused on bringing more renewable energy resources into our generation mix throughout our 11 state territory for the last several years. AEP plans to expand its generation portfolio and adding renewable sources through our regulated business and other agreements. Furthermore, our customers are increasingly talking about renewable energy sources and wanting to have electricity generated from these sources. Some large commercial customers in particular have expressed a desire for renewable power. Having these resources readily available helps make Ohio a more attractive place for these companies to locate and expand their operations.

The issue in Substitute House Bill 114 that I would like to highlight today is regarding competitive service generators in Ohio applying on behalf of its customers for rebates due to customers investing in Energy Efficiency. The exact lines of the bill are 1036 through 1063.

AEP Ohio would prefer that this language be removed entirely if it cannot be significantly improved to mirror processes that are presently in place.

The energy efficiency mandate resides on the electric distribution utility (EDU). Currently, AEP Ohio works with Certified Retail Electric Service (CRES) providers through our programs as long as they have the customers' permission and provide the necessary documentation such as an application and electric account number. This validates that the customer has agreed to participate in the Energy Efficiency program.

For example, IGS turns in lighting applications for business customers and we also do an agreed upon streamlined rebate process with IGS on smart thermostats.

Additionally, the language in Substitute House Bill 114 is also vague in that it does not require individual customer applications for program participation through the EDU. This could cause double payments of rebates because of the lack of individual customer permission and no requirement for the CRES to provide the EDUs the customer's EDU specific electric account number.

A few items to consider if this were to be codified are:

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If the EDU has to provide a reservation of rebate dollars to a CRES, what happens when the ESCOs don't deliver?

What happens when customers change service providers requiring a change in the rebate reservation dollars?

The rebates are unmanageable and administratively burdensome for the EDU as written in Substitute House Bill 114. If CRES providers receive rebate dollars, then they should also have requirements to deliver energy and demand savings to the EDU and performance penalties for lack of performance. And these inefficiencies and problems could all cause the cost of compliance to increase which would be borne by all customers.

In summary, these are programs that AEP Ohio and other EDUs in Ohio were instructed to implement by the legislature. These programs are working to the benefit of customers in our certified service territory and if any modification were to be made it must be processed according to the electric distribution utility's rules for providing rebates and customers will receive the rebate from the electric distribution utility.

Thank you for the opportunity to provide Interested Party testimony on Substitute House Bill 114 and I'd be happy to answer any questions you may have at this time.