



## CITIZENS UTILITY BOARD OF OHIO

### Opponent Testimony by Tom Bullock on House Bill 798 Executive Director, Citizens Utility Board of Ohio Ohio House Select Committee on Energy Policy and Oversight December 3, 2020

Chairman Hoops, Vice-Chair Abrams, Ranking Member Leland, and members of the Select Committee on Energy Policy and Oversight, thank you for the opportunity to submit opponent testimony on House Bill 798 (HB 798). My name is Tom Bullock, and I am executive director of the Citizens Utility Board of Ohio (CUB Ohio).

CUB Ohio is a nonprofit, nonpartisan consumer watchdog with members across the state that advocates for residential and small business utility customers. Our mission is to educate consumers to reduce their utility bills as well as to work for transparency and for energy that is affordable, reliable, and clean.

HB 798 would take some important and welcome steps to address problems in HB 6: these include ending its decoupling provisions, which currently costs consumers as much as \$355 million in this form; removing its Significantly Excessive Earnings Test provision; and reviewing transmission facility investments for cost effectiveness and consumer interest.

But HB 798 does not go far enough: without significant amendments, it would leave in place very expensive HB 6 subsidies that force Ohio utility consumers to pay more than \$1 billion to bail out nuclear plants and as much as \$450 million to bail out OVEC coal plants, one of which isn't even located in Ohio, but in Indiana. Those costs result from business decisions made by large, well-financed utility companies and should be borne by them. They are not the responsibility of Ohio consumers—especially in a state in which electricity generation has been deregulated—and Ohioans should not be forced to pay them when family budgets are hard-hit by the COVID public health crisis, when utilities have resumed customer shutoffs, and when a major winter storm has just arrived in our state.

It's worth noting that none of the four bailed-out plants are low-cost generation sources, meaning the effect of HB 6 subsidies is to displace new, lower-cost generation and thereby further raise electricity prices. So, HB 6 forces Ohio consumers to pay twice: first to subsidize, and a second time to pay the higher prices that result from the subsidy. HB 798 can be improved by better addressing both the nuclear and coal subsidies.

In addition, HB 798 does not propose to delay HB 6 implementation in an even-handed manner: for example, the sharp curtailments HB 6 makes to energy efficiency would not receive a 12-month delay. In Ohio, we know from data reported to PUCO by utility companies themselves that every \$1 invested in energy efficiency has resulted in \$2.65 in consumer savings. Ohio consumers need these cost-saving investments, and the portions of HB 6 that curtail them should be likewise delayed while the legislature continues to develop energy efficiency proposals. (We suggest some below.)

HB 798 is an opportunity to improve energy policy in Ohio in other areas as well. We agree with an observation made by Chairman Hoops in his testimony—that in the energy sector, “new technology is being developed every day and we need to make sure Ohio stays ahead of the curve.”

Some ideas on how to achieve this:

- Energy efficiency is our cheapest and cleanest resource. We should use it first and use it more. To maximize lower consumer costs long-term, the State should affirm a regulatory path forward for investment in energy efficiency programs for residential and small business customers to provide them with a framework for making smart energy choices. Helpful steps to achieve this should include:
  - Establishing a regular triennial process requiring the proposal of voluntary utility energy efficiency programs outside of ratemaking proceedings, with PUCO determining cost caps and selecting third parties to audit them. Electric and natural gas utilities should be required to make efficiency program proposals every three years; exempt those from treatment as rate cases; and set forth statutory criteria for review and approval of those plans. Limit any utility incentives for cost-effective delivery of customer energy savings to 5 percent of overall costs and require them to be proportional to net customer savings.
  - Within this required triennial process for proposal and review of voluntary utility energy efficiency programs, enabling a dramatic lowering of monthly charges (by half or more) by enabling amortization of investment over the useful life of measures.
  - Establishing state policy to support management of peak demand via time-of-use pricing to maximize system benefit. Ensure implementation by a date certain by requiring each electric distribution utility (EDU) with at least 25 percent advanced metering infrastructure (AMI) to establish an EV load management tariff and a residential peak demand management distribution tariff consistent with wholesale market structures, along with funding for consumer education regarding the program. Allow for participation by both shopping and non-shopping customers. Also require an opt-in hourly pricing option.
  - Supplementing PACE financing by requiring each EDU to implement tariffed on-bill financing to help more (especially low/mod-income) consumers pay for energy efficiency improvements, without up-front cost.
  - Building off of HB 6 provisions to expand the application of federal funds to weatherization for low-income customers by setting aside guaranteed funding for utility low-income energy efficiency programs outside any program cost cap, with a utility-run RFP for program vendors in each territory. Locking in low-income utility funding alongside federal resources will expand the availability of low-income weatherization programs and avoid increased costs arising from litigation and/or uncertainty about this source of funding. PUCO review shall ensure maximized customer savings.
  
- CUB Ohio is for the consumer, and we want the cheapest and fastest way to get to clean energy. Helpful steps should include:
  - Allowing limited virtual net metering (enabling community solar) so customers could purchase a “share” of an offsite renewable system (located within the same EDU service territory) and be on a net metering rate for that system.
  - Requiring third party data access for any utility with AMI with rules to protect privacy (such as those in Illinois).
  - Eliminate the 10-year limit on the term of local government renewable energy power purchase agreements (PPAs).

These are merely a few ideas that we would be happy to expand upon. Thank you for the opportunity to testify on HB 798.