

Senate Energy and Public Utilities Committee
Chairman Steve Wilson
Opponent Testimony on Substitute House Bill 6
Testimony of Annie Gilleo
Senior Manager for State Policy, American Council for an Energy-Efficient Economy

June 17, 2019

Chair Wilson, Vice Chair McColley, Ranking Member Williams, and Members of the Senate Energy and Public Utilities Committee:

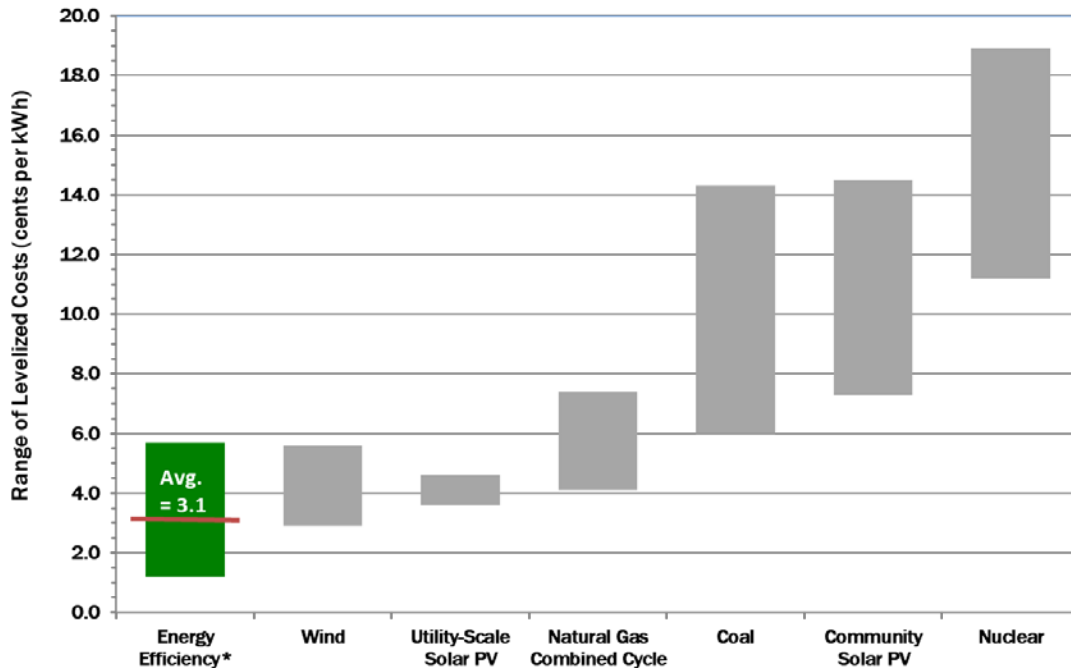
On behalf of the American Council for an Energy-Efficient Economy (ACEEE), I write in opposition to Substitute House Bill 6. ACEEE is a nonprofit research organization based in Washington, D.C. that conducts research and analysis on energy efficiency. We have been active on energy efficiency issues at the national, state, and local level for more than three decades, collecting extensive best-practice information on topics including energy efficiency programs and utility business model design. In Ohio, we have worked with partners including the Ohio Manufacturers Association to perform in-depth analyses of the impacts of energy efficiency on bills, utility system costs, and air quality.

Substitute House Bill 6 would establish a “Clean Air Program Fund” to support Ohio’s aging nuclear fleet while simultaneously rolling back the state’s energy efficiency and renewable energy standards. In its substitute version, the bill would allow for a year to phase out efficiency programs while phasing in the costs of the Clean Air Program. Ultimately, the impacts are the same. Substitute HB 6 would effectively saddle customers with the bill for expensive power plants while eliminating options to control how and when they use energy. Unfortunately, the bill is based on a faulty understanding of energy efficiency. Below, we clarify the bill’s potential impacts on Ohio’s families and businesses.

The Clean Air Program will not save customers money.

Substitute HB 6 adds a monthly charge to customers’ bills to fund the Clean Air Program, by 2021 ranging from \$2.50 for residential customers to \$2,500 for large commercial and industrial customers, but it provides no direct benefits in exchange. In contrast, similarly funded energy efficiency programs save customers money by lowering energy usage and keeping utility system costs down. In 2017, every \$1 spent on them created \$2.65 in benefits for Ohio families and businesses.¹ These benefits don’t just accrue for program participants. Instead, energy efficiency is an important low-cost resource for all customers. It benefits everyone by keeping costs down. As shown in the figure below, energy efficiency is typically the lowest cost resource for meeting customer demand. Investments in energy efficiency can displace costlier investments in generation resources like nuclear plants, keeping bills low for Ohioans.

¹ *Energy Efficiency: A Good Investment for Ohio.* <http://www.mwalliance.org/sites/default/files/media/Ohio-State-Fact-Sheet.pdf?current=/taxonomy/term/11>.



*Energy efficiency data represents costs in 2015 to utilities or program administrators only, including any performance incentives if applicable, for 49 largest electric utilities (Molina and Relf 2018). All other data from Lazard 2018: Unsubsidized Levelized Cost of Energy Comparison.

A study by ACEEE found Ohio’s energy savings goals could save customers almost \$5.6 billion in avoided energy expenditures and reduced wholesale energy and capacity prices over 10 years of implementation.² Because these benefits accrue to *all* Ohio customers, the impact is that efficiency programs keep bills low. An analysis of residential energy bills found that eliminating energy efficiency and renewable energy programs and the associated charges and replacing them with the Clean Air Program charge would cost Ohio families an additional \$6.11 *per month*.

Energy efficiency delivers significant benefits to all Ohioans.

Even beyond the utility sector, energy efficiency produces benefits for Ohioans. Efficiency improvements in buildings and industry decrease fossil fuel emissions and air pollution. The reduced emissions could help counties working to improve air quality meet national standards. A recent analysis shows that efficiency is a key tool for reducing emissions for a few Ohio counties in particular: Jefferson, Lorain, Butler, and Hamilton.³ These pollution reductions also have significant impacts on the health of Ohio residents. In fact, ACEEE research found that Ohio is one of the states that could see the biggest health impacts from energy efficiency, saving up to \$1.6 billion in avoided health harms.⁴ And efficiency is a major job creator in the state, employing almost 80,000 Ohioans. It accounts for 20% of all construction jobs and 24% of all energy sector jobs.⁵ Substitute HB 6 could entirely erase these health and job benefits.

² Ohio’s Energy Efficiency Resource Standard: Impacts on the Ohio Wholesale Electricity Market and Benefits to the State. <https://aceee.org/research-report/e138>.

³ Mission Attainment: Incorporating Pollution Reductions from Energy Efficiency in State Implementation Plans. <https://aceee.org/research-report/h1803>.

⁴ Saving Energy, Saving Lives: The Health Impacts of Avoiding Power Plant Pollution with Energy Efficiency. <https://aceee.org/research-report/h1801>.

⁵ Energy Efficiency Jobs in America. <https://e4thefuture.org/wp-content/uploads/2018/09/EE-Jobs-in-America-2018.pdf>.

Energy savings goals are impactful and important.

Ohio passed legislation in 2008 establishing energy savings goals, and utilities began implementing programs to meet them the following year. Since then, Ohio's energy efficiency programs have saved enough energy to power every home in Ohio for more than 10 months.⁶ But there is still much more to do. Not only have utilities' own potential studies identified a clear pathway to meet the state's current savings goals, ACEEE analysis highlighted additional savings opportunities, including emerging technologies and strategies to encourage additional customer participation.⁷ Instead of throwing in the towel, utilities should be exploring these emerging technologies and expanding outreach to underserved customers. Maintaining energy savings goals for utilities is critical for ensuring savings are not left on the table. ACEEE research has found that states with energy savings goals in place save on average about four times as much electricity as those who do not (1.3% of retail sales compared to 0.3% in 2017).⁸

We urge you to oppose Substitute HB 6, which would be a significant step backward for Ohio. I appreciate your time and consideration today, and I would be pleased to answer any questions you may have.

Sincerely,



Annie Gilleo
Senior Manager, State Policy
American Council for an Energy-Efficient Economy

⁶ *Energy Efficiency: A Good Investment for Ohio*. <http://www.mwalliance.org/sites/default/files/media/Ohio-State-Fact-Sheet.pdf?current=/taxonomy/term/11>.

⁷ *Energy Efficiency Potential in Ohio*. <https://aceee.org/sites/default/files/ohio-potential-8-28-15.pdf.pdf>.

⁸ *Policies Matter: Creating a Foundation for an Energy-Efficient Utility of the Future*. <https://aceee.org/policies-matter-creating-foundation-energy>. Updated with 2017 data.