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**Testimony on Behalf of the Midwest Energy Efficiency Alliance  
Ohio Senate Energy and Public Utilities Committee  
June 19, 2019**

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

The Midwest Energy Efficiency Alliance (MEEA) is submitting interested party testimony related to the substitute version of HB 6.

MEEA is a regional non-profit membership organization which serves as the Midwest's key proponent and resource for energy efficiency. MEEA covers 13 states in the Midwest, including Ohio, where 80 of our 160+ members have employees and provide services. Our members include investor-owned, cooperative and municipal utilities; energy efficiency service and technology providers; manufacturers; state and local government representatives; and, academic, advocacy and research organizations. MEEA serves as a nonpartisan resource to policymakers and does not lobby or intervene in regulatory proceedings. As the trusted source on energy efficiency in the Midwest, MEEA educates and advises a diverse set of stakeholders on new and meaningful ways to pursue an energy efficient agenda that's both achievable and cost-effective.

**Executive Summary**

Ohio has made significant investments in energy efficiency to reduce energy use and save all customers money. Unfortunately, HB 6 would effectively halt this forward progress. As written in the substitute version, HB 6 would terminate Ohio's Energy Efficiency Resource Standard (EERS) after 2020. This provision removes eight years (2021-2028) of annual energy savings requirements that exist under current law. Even though HB 6 has been amended to allow voluntary utility programs going forward, the lack of defined goals and certainty will negatively impact potential energy savings and portfolio cost-effectiveness in future years. To be clear, the current programs are required to demonstrate an economic benefit to Ohioans and the proposed language would significantly reduce energy efficiency's return on investment in Ohio.

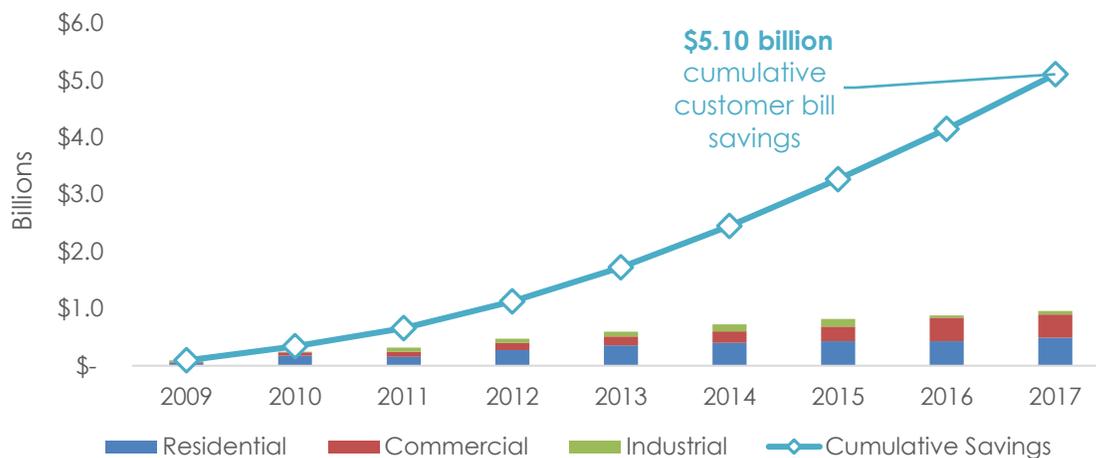
HB 6 creates a monthly surcharge beginning in 2020 for residential customers to finance Ohio's clean air program fund. This additional charge appears to be justification for eliminating the current EERS and Renewable Portfolio Standard (RPS) surcharges in order to keep costs low for customers. Unfortunately, eliminating the EERS also eliminates the benefits to customers in exchange for

benefits under HB 6 that are not very clear. In 2017, customers received \$2.65 in energy savings benefits for every \$1 they paid. Energy efficiency is required to be cost-effective and, historically, has had a return of at least \$2 for every \$1 invested in energy efficiency programs providing substantive benefits to Ohio ratepayers. Trading away the guaranteed rate of return that exists under the current EERS and replacing it with a policy that simply supports existing generation is unbalanced.

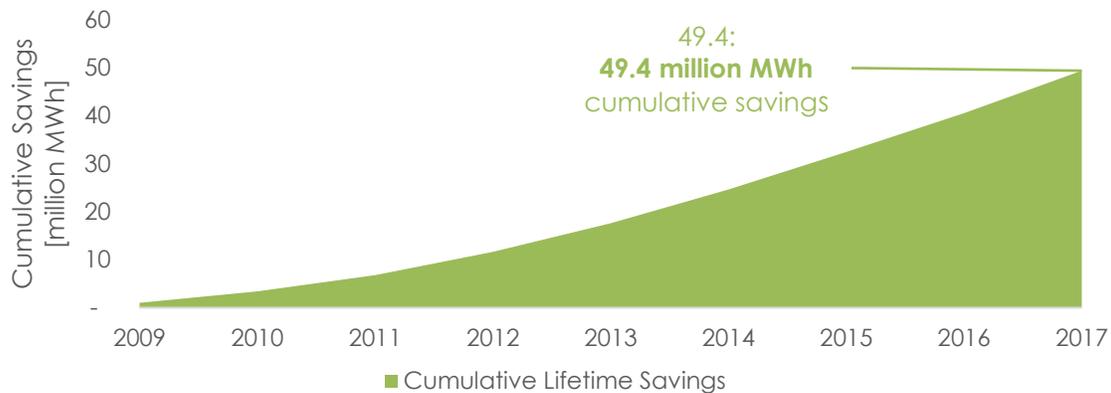
### A Strong Return on Investment

Ohio's electricity customers have cumulatively saved \$5.1 billion (as seen in Figure 1, below) since the beginning of Ohio's energy efficiency standard. From 2009 to 2017, Ohio's energy efficiency programs have saved over 49 million MWh of energy (as seen in Figure 2, on page 3). Saving this much energy is enough electricity to power every home in Ohio for 10.5 months. This is also equivalent to powering every home in Columbus for almost 13 years or every home in Cleveland for 25 years.

**Figure 1: Estimated electric bill savings from Ohio EE programs, 2009-2017**



**Figure 2: Cumulative lifetime electric savings from Ohio EE programs, 2009-2017**



Ohio's EERS not only returns cost-effective benefits to residents and businesses, it is also a huge economic driver. The clean energy industry employs 112,486 workers in Ohio as of 2018. Of that, 81,676 are involved in the energy efficiency sector. That means 72% of Ohio's clean energy jobs are in energy efficiency and nearly 1.5% of Ohio's workforce. These are good, local jobs.

One of MEEA's members, Reclim LLC, had the following to say about the substitute version of HB 6:

*"We at Reclim are very concerned that Ohio's HB 6 threatens the investment in facilities and jobs we have made in Ohio. We located our plant in Ohio, and Lima specifically, as a result of securing work on the appliance recycling and energy efficiency programs run by AEP and other utilities in the state. We have committed to an investment of \$15 million in specialty appliance "de-manufacturing" equipment from Europe and other machinery for proper handling of appliances at end of life. The plant workforce and related employment positions around the state will equal roughly 150 people when all is said and done."*

*--Steve Bush, CEO, Reclim LLC*

Energy efficiency programs can have initial costs, but these program costs decline over time as program administrators become more experienced, leading to improved efficiencies. In Michigan, a 2018 report from the Public Service Commission showed that programs implemented that year were even more cost-effective than in previous years. That is why even during Ohio's two-year freeze of the EERS, utilities continued to run their energy efficiency programs because they knew in the long-run the benefits of continuing outweighed the costs of stopping and starting again. Ohio should maintain its forward progress.



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### **Opportunities to Benefits All Customers**

Some people claim that if energy efficiency saves money, businesses will do it on their own. However, outside research has found that most voluntary programs, including self-directed and opt-out programs, do not yield any measurable energy savings. That's because energy efficiency capital investments compete with other investments to improve productivity, and a company is likely to invest in core business functions before investing in energy efficiency. Further, business executives are not necessarily energy experts, meaning they might be unfamiliar with the work required to improve the energy efficiency of their operations. Energy efficiency investments create system-wide benefits that all customers receive. Therefore, all rate classes should participate and pay for this resource since everyone benefits.

Others have expressed concern that current law will require utilities in 2021 to increase from 1% to a 2% annual energy savings goal, and the potential costs to such a change. To be clear, this does not mean energy efficiency costs will double. Utilities will likely need to expand some of their energy efficiency program offerings to meet 2% savings, but these additional programs must be cost-effective. Utilities also have been running successful programs for years in Ohio that have exceeded the 1% annual savings goal. The legislative architects of Ohio's EERS planned for this transition by allowing utilities to bank savings from years that they saved more energy than was required by the EERS, and then apply those banked energy savings in future years. The law also granted the PUCO the authority to ensure utilities have the flexibility to meet their statutory obligations. The change from 1% to 2% will require planning, but current law gives regulators and utilities the tools they need to achieve this new annual savings goal, and in a cost-effective manner.

Ohioans need not re-litigate the statewide EERS for a sixth straight year. Energy efficiency is the most cost-effective way to meet our energy needs. It helps reduce costs for everyone—residents, small businesses, government and large commercial or industrial customers. Buckeyes deserve an energy policy that matches the modern 21<sup>st</sup> century economy, not policies that move Ohio backwards. MEEA will continue to serve as a resource for our members, policymakers and other stakeholders in Ohio and identify opportunities to promote energy efficiency.

*These comments reflect the views of the Midwest Energy Efficiency Alliance – a Regional Energy Efficiency Organization as designated by the U.S. Department of Energy – and not the organization's members or individual entities represented on our board of directors.*