

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 27, 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.

The most recent substitute version of the bill is a net loss for Ohio's residents and businesses.

- The current structure of the energy efficiency savings goals will severely limit energy efficiency in the state. The goals as proposed in substitute HB 6 are opaque, making it difficult for non-utility stakeholders to assess whether utilities have met their legal obligation to deliver energy efficiency. Furthermore, it is likely that banked savings will make up most, if not all, of utilities' energy efficiency obligations going forward. The result is a rollback of the programs that Ohio businesses and families rely on to keep energy bills low. 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).¹
- A mercantile exemption will result in higher costs and lower energy savings opportunities. ACEEE analyzed the impacts of an expanded opt-out scenario in Ohio and found that in a mid-range scenario in which 35% of savings opportunities are eliminated, Ohio would see \$1.85 billion in increased utility system costs, \$1.27 billion in increased healthcare costs associated the increased air pollution, and \$3.30 billion in lost bill savings opportunities for participants.²

¹ *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.

² <https://aceee.org/research-report/u1706>

- Rather than eliminate shared savings, we recommend that the Senate direct the Public Utilities Commission of Ohio to open a docket to explore improved models for incentivizing utilities to delivery energy efficiency. ACEEE research has found that performance incentives are a key tool for spurring energy savings. Utilities in states with performance incentives in place save on average about twice as much as those that do not (achieving electricity savings of 1.09% and 0.45% of retail sales, respectively).³ Through a PUCO process, stakeholders can work together to ensure that utilities receive reasonable performance incentives that make energy efficiency a good investment for utilities while protecting ratepayers from unnecessary costs.

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

³ <https://aceee.org/policies-matter-creating-foundation-energy> (updated with 2017 data)