



**House of Representatives Public Utilities Committee  
John Sarver, Executive Director  
Ohio Partners for Affordable Energy  
Testimony in Support  
April 26, 2023**

Chair Stein, Vice Chair Robb Blasdel, Ranking Member Weinstein, and members of the Ohio House of Representatives Public Utilities Committee, thank you for the opportunity to submit testimony in support of House Bill 79. House Bill 79 would authorize Ohio's electric distribution utilities ("EDUs") to offer energy efficiency programs to those customers who want them through an opt-out approach for residential customers and an opt-in approach for mercantile customers. We sincerely thank Representative Seitz and Representative Sweeney for introducing this bill. We would also like to take a moment to thank the legislature for the 25% set aside of federal LIHEAP dollars for weatherization services which currently has been reauthorized in the state's operating budget, House Bill 33.

**WHO IS OPAE?**

Ohio Partners for Affordable Energy (OPAE) is a non-profit organization that advocates for affordable utility rates and provides energy efficiency services and bill payment assistance to the most vulnerable families in Ohio. Many of OPAE's members are Community Action Agencies. Under the federal legislation authorizing the creation and funding of these agencies, originally known as the Economic Opportunity Act of

1964, Community Action Agencies are charged with advocating for low-income residents of their communities. OP&E advocates at the Public Utilities Commission of Ohio (the “Commission”) as well as here at the statehouse for the benefit of low-income residential and small commercial utility customers. We are regularly involved in gas and electric cases at the Commission.

OP&E and its member agencies have been managing and delivering weatherization and energy efficiency services for Ohio’s utilities since the mid-1980’s. These programs are proven to save our clients and ratepayers money.

### **WHAT DOES OP&E DO?**

OP&E’s 52 members serve primarily clients with incomes of less than 200% of the federal poverty line (FPL). Virtually all our client’s homes include elderly or disabled individuals or children. We also target high energy users and families with high energy burdens, the ratio of energy bills to income.

OP&E and its members provide services to these customers through the federally-funded Home Weatherization Assistance Program (HWAP) which provides funding for services for people with incomes at 200% of the federal poverty line. There are a large number of families that are eligible for energy efficiency services. Just over 32% of Ohio households have incomes low enough to receive assistance under energy efficiency programs, or 1.5 million Ohio families. As noted above, we focus on the lowest income homes, roughly 290,000 families.

## **Low-Income Energy Efficiency Programs are Important.**

Since 1981, Ohio has provided assistance to families that cannot afford their utility bills with payment assistance, payment plans, and weatherization programs. The General Assembly has traditionally favored weatherization funding over payment assistance because it is a *permanent* solution to energy affordability. After receiving weatherization services, many households no longer need financial assistance to pay their utility bills.

Weatherization does more than simply provide better insulation for homes. Weatherization identifies gas leaks, unsafe wiring and appliances that are ducting carbon monoxide into the home. Prior to the elimination of the energy efficiency portfolio programs, we served around 10,000 families with the electric utility programs every year. With other resources, this number grew to around 16,000. The loss of the programs resulted in the loss of weatherization services for approximately 10,000 homes per year.

Electric energy efficiency measures save clients roughly two months of electric bills, and more if they heat and cool with electricity. Customers that receive weatherization services are more likely to pay their bills and less likely to need help from bill payment assistance programs. This reduces the costs associated with credit and collection which are driven by the affordability of utility service. Ratepayers benefit from these impacts.

Historically, OPAE targeted programs to get the biggest bang for the buck and to help the most vulnerable. In Program Year 2018, prior to the elimination of the energy

efficiency standards, we provided services that will save those 9,000 families \$13 million over the life of the measures. You can rest assured the money our families save will be spent, and will be spent in Ohio.

Another benefit of weatherization is the positive effect it has on family health, an impact that can be measured. Many recipients of weatherization services have an elderly or disabled person, or children living in the home. These families often lack the resources to maintain their homes. Weatherization identifies gas leaks, unsafe wiring, and carbon monoxide-emitting appliances in the home. Such instances occur more often than one might think. We see many homes where families cannot afford to replace a broken furnace and instead use electric space heaters or propane burners that are risks for fire and carbon monoxide emissions. After weatherization, these families have more affordable utility bills, stay warm and cool in their homes, and are more able to afford the food and medications they need.

A recent national evaluation revealed that the weatherization services our nonprofit providers deliver reduce medical costs for families by an average of \$14,000 over the 16-year life of the measures.<sup>1</sup> Increasing funding for energy efficiency programs, including weatherization not only reduces the needs for energy bill payment assistance but it results in reduced need for emergency room visits, particularly among those with asthma, COPD, and circulatory problems. Weatherization also reduces Medicaid costs.

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<sup>1</sup> [http://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL\\_TM-2014\\_345.pdf](http://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL_TM-2014_345.pdf).

## HOW OPAE'S SERVICES HAVE TRADITIONALLY BEEN FUNDED

Prior to 2019, OPAE members' low-income energy efficiency services were funded by three main sources:

- Energy efficiency portfolio cases from the Commission. Prior to their termination, these programs generated approximately \$15,900,000 annually.
- A transfer of 20% of Ohio's allotment of Low-income Home Energy Assistance Program ("LIHEAP") funds from the U.S. Department of Health and Human Services. This transfer provided approximately \$28,600,000 annually for weatherization.
- Home Weatherization Assistance Program ("HWAP") dollars from the U.S. Department of Energy which amounted to approximately \$11,700,000 annually.

## HOW OPAE'S SERVICES ARE CURRENTLY FUNDED

The termination of the energy efficiency portfolio programs eliminated almost \$16 million of funding from the efficiency and weatherization services administered by OPAE and its member agencies. To assist with this loss of funding, the General Assembly directed the Ohio Department of Development to seek 25% of Ohio's LIHEAP allotment from the federal government, which is traditionally used for bill payment assistance, instead of the traditional 15-20%. The U.S. Department of Health and Human Services allows these dollars to be transferred for weatherization uses because of the direct impact that weatherization programs have on reducing the need for future bill payment assistance. This 5% increase resulted in an approximately \$7,200,000 additional funding for weatherization.<sup>2</sup> Nevertheless weatherization programs saw a reduction in

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<sup>2</sup> Funding that was otherwise not being used because the need for bill payment.

funding from the loss of the energy efficiency portfolio programs.

### **WHY HB 79 IS SO IMPORTANT**

HB 79 will enable us to provide much-needed services to those who need them while also reducing the cost burden placed on the rest of the residential customer class. HB 79 will help cover the gap left by the termination of the energy efficiency portfolio programs. Though the 5% increase from LIHEAP funds was certainly helpful, funding from utility programs is particularly helpful because it has fewer restrictions on its use. Federal dollars are earmarked for very specific services and cannot be used for others. These restrictions can result in homes being passed over for weatherization because not enough can be done with just the federal dollars to make the weatherization project make financial sense.

Utility dollars enable OPAE's members to fill in those gaps and stretch the federal dollars further by broadening the array of weatherization measures that can be undertaken. This results in some homes, which otherwise could not be weatherized using federal dollars alone, qualifying for weatherization. This is due to the additional services OPAE and its members can provide with the less restrictive utility dollars. Utility dollars have enabled OPAE to weatherize over 10,000 more homes each year than it can without them because of their ability to fill in the gaps and maximize the usage of the federal weatherization dollars. House Bill 79 directs EDUs to reserve at least 15% of their residential program portfolio costs to serve customers with incomes up to 200%

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assistance dollars is significantly lower than the amount of funds available from LIHEAP.

FPL. These dollars can dramatically increase the number of Ohioans OPAE and its member agencies are able to serve.

## **HB 79 PROVIDES MUCH NEEDED GUIDANCE FROM THE LEGISLATURE**

Since the elimination of the energy efficiency standards in 2019, multiple EDUs have attempted to continue energy efficiency programs under the statutory authority of R.C. 4905.70. This section of the Revised Code requires the Commission to promote and encourage the conservation of energy and reduce the growth rate of energy consumption. For years, this statute has been the basis of the energy efficiency programs for natural gas utilities and was even cited by Representative Seitz on the House Floor as a path for EDUs to continue to offer energy efficiency services after the elimination of the standards. Yet, despite Representative Seitz's guidance, various parties at the Commission and the Staff of the Commission have denied that R.C. 4905.70 authorizes such programs and no EDU has successfully had one approved beyond one limited \$500,000 program that was a continuation of an older case. Other than public statements made by the PUCO and its Chairman, Jenifer French, there is little indication that the Commission is comfortable approving energy efficiency programs without additional legislative authorization.

House Bill 79 makes it clear to the PUCO that the legislature supports customers having the choice to participate in energy efficiency programs as long as they are not forced to do so. House Bill 79 will empower customers to choose what's best for them. Further, House Bill 79 ensures the maximum benefits for customers by excluding the cost of customer incentive programs or the recovery of lost distribution revenue from

counting against the portfolio's overall budget.

## **Conclusion**

OPAЕ believes that energy efficiency is an essential service EDUs should provide their customers, especially when customers want it. It is also critical to continue programs that help low-income families. Through this legislation, we have an opportunity to provide assistance – while reducing energy usage - to households where our most vulnerable Ohioans live – our elderly, our disabled, and our children.

Efficiency programs save ratepayers money by reducing utility costs. Let us continue to help struggling families and ensure the continuation of low-income efficiency programs.

I thank you for the opportunity to provide testimony. I and OPAЕ's attorney, Robert Dove, who is here with me, welcome any questions you may have.