

# Northwest Ohio Aggregation Coalition



## **OPPOSITION TESTIMONY – HB 79** **House Public Utilities Committee**

**Thomas Hays**

**On Behalf of the Northwest Ohio Aggregation Coalition**  
**And its 15 Member Communities**

**May 3, 2023**

### Cities

*Maumee*

*Northwood*

*Oregon*

*Perrysburg*

*Rossford*

*Sylvania*

*Toledo*

*Waterville*

### Villages

*Delta*

*Holland*

*Ottawa Hills*

*Walbridge*

### Townships

*Lake*

*Perrysburg*

### Counties

*Lucas*

Chair Stein, Vice Chair Blasdale, Ranking Member Weinstein and members of the Public Utilities Committee, the Northwest Ohio Aggregation Coalition (NOAC) and its 15-member communities thank you for this opportunity to present testimony in opposition to HB 79.

NOAC negotiates the terms and pricing for the electricity used by over 125,000 households, small businesses, and family farms. We represent customers. We are also strong supporters of energy efficiency. Our communities implemented many energy efficiency programs so we know a good program from a bad one.

HB 79 is a bad deal for customers in several ways. First, proponents claim that customer costs are capped at \$1.50 a month. You heard clearly in last week's proponent testimony this is simply not the case. The purported "cost cap" does not include costly, hidden, expenses such as "lost distribution revenue", "deferred costs", and "utility incentives". Any savings on your bill achieved by participating in energy efficiency will be converted to cover these additional costs and end up with the utility company – not in your pocket. There is no LSC Fiscal Analysis or any estimates to show what the actual, total, costs to a family will be. However, our experience with the cost of past FirstEnergy run EE programs were enormous, hundreds of millions of dollars, and justified the legislature ending the programs a few short years ago.

Customers, who according to this bill are residential, small businesses and family farms, will pay every dime of these additional costs, above the \$1.50 "cost cap". HB 79 excludes big companies that use a lot of energy – the burden will be completely on the families, small businesses, and farms whether they buy a product or service from a program or not. Ohioans' electric bills will go up.

All these additional and hidden fees will be codified and HB 79 forbids the PUCO from even counting these to determine the cost effectiveness of the programs. Only "program costs" – the \$1.50 "cost cap" – not the total actual costs to consumers, may be used by the PUCO to

determine a program's cost effectiveness. FirstEnergy and Ohio's other utilities will design and run not just the EE program, but also design and collect their own uncapped rewards.

Proponents claim that HB 79 is voluntary. A customer will be sent two mailers and given one chance to opt-out at the start. If the customer does not understand or throws the two mailers out with all the other junk mail marked "IMPORTANT," then they are captured for five years and can no longer opt-out. The big companies must affirmatively "opt-in" and can get out after a year. The programs will be truly voluntary for them. We ask the same courtesy be extended to families, small businesses and family farms. The proponents made it clear that without customers being forced into the programs, they will not work. No NOAC or other FirstEnergy customer should be forced into a FirstEnergy program for a day, let alone captured for five years.

Long ago when EE was a novel concept, these HB 79-like programs were justified as necessary to prime the pump. In 2020, even California ended its HB 79-type programs because their time had passed and their high costs could not be justified. The Ohio PUCO recently ended Columbia Gas of Ohio's proposed extension of its utility run EE program but retained its low-income programs. That was the right choice for customers.

The new federally funded EE programs are also the right choice for customers. They offer the largest EE incentives in US history. The yearly \$1,200 (and more) residential tax credits are already in effect. On top of this, Ohio is allocated \$250 million for a residential home rebate program effective in October. Low-income households will see increased home weatherization funding and new block grants. Ohio farms and rural businesses can now apply for the first round of funding in their \$1 billion program. These are truly voluntary programs for businesses, governments, institutions, industry and the disadvantaged. They cost consumers \$0, and every penny of each rebate will go into the customer's pockets. They will enjoy the lower bills, and no money flows to utility coffers.

However, HB 79 conflicts with the federal programs. It allows them to raid the customers' federal benefits. FirstEnergy recently filed an EE program that proposes to advertise the federal program and to provide small "supplemental rebates." This implies FirstEnergy will be able to seek "lost distribution revenue", "incentives" and other fees when the federal government clearly intended all the benefits to go to the customer. Every penny of customer benefit from the federal programs should be placed off-limits.

In the full picture, HB 79's expensive program makes no sense. Many customers are already in a pinch and now face up to a 50% increase in their electric bills this summer because of market

conditions according to Ohio's utility companies. HB 79 will increase this pain of out-of-control inflation. NOAC urges you to vote no on HB 79.

The attached NOAC Customer Fact Sheet and Fact Sheet for Legislators explains this in more detail, provides helpful links, and gives some background on NOAC. I will be glad to try to answer any questions.