



**House Bill 79 Proponent Testimony
Senate Energy and Public Utilities Committee
December 3, 2024**

John Sarver
Executive Director, Ohio Partners for Affordable Energy

Chairman Reineke, Vice Chair McColley, Ranking Member Smith, and members of the Senate Energy and Public Utilities Committee, thank you for the opportunity to address House Bill 79. My name is John Sarver. I am Executive Director of Ohio Partners for Affordable Energy. I offer this testimony as a proponent of House Bill 79 sponsored by Representatives Seitz and Sweeney.

Who is OPAE?

Ohio Partners for Affordable Energy (OPAE) is an organization comprised of 52 member agencies to provide essential energy services, including bill payment assistance, weatherization and energy efficiency, and housing services for over 440,000 households annually across the State of Ohio. OPAE keeps Ohio families safe by advocating for weatherization and energy assistance programs. Our 52 member agencies have been working for over 25 years to make utility bills more affordable for Ohio families in need and have assisted more than 300,000 families during that time.

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 these programs resulted in the loss of weatherization services for approximately 10,000 homes per year.

Electric energy efficiency measures saved 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, collection and shut-offs which are driven by the affordability of utility service. Ratepayers benefit from these impacts.

Historically, OPAGE 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 10,000 families \$13 million over the life of the measures. You can rest assured the money our families save will be spent on necessary items such as food and clothing 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 measures¹. 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.

In addition to the substantial benefits to the families receiving weatherization services, weatherization also benefits the grid by reducing demand.

How OPAGE's Services Have Traditionally Been Funded

Prior to 2019, OPAGE 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 OPAGE's Services Are Currently Funded

The termination of the energy efficiency portfolio programs eliminated almost \$16 million of annual funding from the efficiency and weatherization services administered by OPAGE 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

¹ http://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNLTM-2014_345.pdf.

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 weatherization². Nevertheless weatherization programs saw a reduction in 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 some of the most vulnerable Ohioans 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% 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. Further, the Commission has repeatedly deferred to the market to provide non-low-income efficiency programs with no evidence the market will do so.

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.

² Funding that was otherwise not being used because the need for bill payment assistance dollars is significantly lower than the amount of funds available from LIHEAP.

Conclusion

OPAE 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.

Chairman Reineke, I thank you for the opportunity to provide testimony.