



Representative Roy Klopfenstein

82nd House District

Chairman Holmes, Vice Chair Mathews, Ranking Member Rader, and members of the House Energy Committee, I appreciate the opportunity to offer sponsor testimony on House Bill 427.

Ohioans are facing rising utility costs, with electric bills increasing by an average of \$30 per month statewide compared to last year. Unfortunately, this trend is projected to continue, with another 5% increase expected in summer 2026. While House Bill 15 addresses the supply side of this challenge, House Bill 427 aims to tackle the demand side modernizing Ohio’s energy regulations to help homeowners and small businesses save money while also improving electric grid reliability.

One of the most effective tools utilities can use to reduce energy demand during peak times is demand response programs. Normally, when demand spikes, utilities rely on expensive “peaker” power plants that operate only during periods of high stress on the grid. This can also occur when other plants go offline unexpectedly for maintenance or repairs.

Instead of purchasing costly additional power, utilities can pursue a smarter, more affordable option: lowering demand. Demand response programs allow customers to voluntarily agree to small, temporary adjustments such as raising the thermostat by a degree or two, or cycling off appliances like water heaters. According to research by the Midwest Energy Efficiency Alliance, these programs are projected to generate net savings of \$34.5 million to \$104 million statewide. These savings are not just limited to those that are enrolled in the program, a reduction in energy consumption will lower costs for all Ohioans.

These programs are not new. Voluntary demand response efforts have been a part of Ohio's energy strategy since the 1980s. Currently, they are offered in the AEP territory, where over 17,000 individuals are enrolled. Additionally, all of Ohio's 24 electric cooperatives offer demand response programs with over 106,000 individuals enrolled in water heater switches and more than 16,000 enrolled in air conditioner switches.

It is important to clarify that House Bill 427 does not create demand response programs. Instead, it establishes clear guardrails for how these programs operate and adds important consumer protections. Including that an individual would have to voluntarily opt in to the program and that the consumer would have the right to override these programs at any time.

Another safeguard in H.B. 427 is that all demand response programs must be reviewed and approved by the Public Utilities Commission of Ohio (PUCO) to ensure cost-effectiveness. Additionally, after three years, PUCO must report back to the legislature with recommendations for improving customer benefits.

Finally, this legislation would allow both Utilities and Competitive Retail Electric Service (CRES) providers to bid these demand response programs into the PJM market making Ohio more competitive with other PJM states and encouraging greater innovation.

I want to emphasize once more: these programs are completely voluntary. If a consumer does not trust their utility, they should not enroll and make their utilities earn that trust.

While House Bill 427 is not a one-size-fits-all solution to Ohio's energy challenges, it is a meaningful step toward a comprehensive energy strategy one that delivers affordable, reliable, and accessible power for all Ohioans. I respectfully ask for your support of this legislation. Thank you all for your time and I am happy to answer any questions at this time.