

Chairman Holmes, Vice Chair Mathews, Ranking Member Rader, and members of the House Energy Committee:

Thank you for the opportunity to provide proponent testimony on House Bill 427.

My name is **Will Baker**, and I serve as **Director of Market Innovation at Renew Home**. Our work is to build residential virtual power plants (VPPs) that benefit participating customers while lowering costs for all Ohio ratepayers.

Renew Home now connects **over 5.3 million households**, making it the **largest residential VPP platform** in the nation. Together, these homes provide **nearly 5 gigawatts of flexible capacity** between our legacy demand response and new comfort forward VPP—equal to **56 natural gas peaker plants**. We believe this proven model can scale in Ohio, giving customers more choice and savings.

After two decades of flat growth, Ohio's energy demand is climbing rapidly—driven by a digitized economy—while the cost of securing new power supply has surged. Prices in last year's PJM capacity auction were **nearly ten times higher** than the previous year. To keep energy affordable, we must maximize the value of what we already produce.

Renew Home's goal is to create a more reliable, affordable energy future by giving customers greater control over their smart devices and energy bills. In the era of connected homes, people should be able to easily reduce costs—and even earn money—for helping stabilize the grid.

House Bill 427 offers a direct, proven path forward. It authorizes electric utilities to offer **voluntary demand response programs** for residential and small commercial customers.

These programs use smart technologies, such as smart thermostats, to make small automatic adjustments—just one or two degrees—during critical peaks. Customers maintain comfort through automatic pre-conditioning and are able to opt out at any time during an event, before or after.

Demand response reduces or shifts usage during periods of high electricity demand to help customers save and earn rewards while creating a more stable grid. When it launched in 2013, Rush Hour Rewards revolutionized the category by providing participants with a new level of "set it and forget it" automation, ensuring households are always in control of event participation, and rewarding households for enrollment and participation.

In addition to direct rewards from utility and energy provider programs, households installing smart thermostats like Nest benefit financially by making their home energy consumption more efficient. According to a 2024 report, Nest thermostats can help save an average of 12%

on heating bills and 15% on cooling bills. In 2024 alone, it is estimated that Nest thermostats helped users save more than \$2 billion in energy costs. At Renew Home, we're building on this legacy by making it even easier to integrate energy savings and rewards into everyday life. Big change shouldn't always require big effort. We're proving that small, subtle actions—enabled by millions—can reshape the future of energy.

Our guiding principle is simple: **when customers save, the grid gains**. By empowering households to manage comfort and cost, these programs deliver real savings while collectively reducing strain on the grid. When aggregated across millions of devices, these small changes create a powerful, low-cost energy resource that benefits everyone.

The benefits of HB 427 are clear:

- **Direct Savings:** Participants are compensated and can cut energy bills—smart thermostats alone can reduce cooling costs by about **15%**.
- **System-Wide Savings:** Demand reductions can be bid into PJM's capacity market, lowering wholesale costs for all ratepayers.
- **Better Reliability:** These programs take pressure off the grid during critical moments, reducing the risk of outages.

Ohio already has **899 MW of latent HVAC capacity**—meaning, the amount of capacity from all the smart thermostats in Ohio today, that is not currently being managed for any grid programs. Put another way, it is installed and paid for but unused. By 2030, that grows to over **1.5 gigawatts**, plus hundreds of additional megawatts from EVs, smart water heaters, and home batteries.

HB 427 creates a clear, cost-effective path to unlock this potential—with **oversight by the Public Utilities Commission** to ensure fairness and accountability.

House Bill 427 is a **voluntary, market-based solution** that empowers Ohioans to take control of their energy use, lowers costs for everyone, and strengthens the reliability of our grid.

We urge your support for this commonsense, forward-looking legislation.

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