



BEFORE THE SENATE ENERGY & NATURAL RESOURCES COMMITTEE
Proponent Testimony on Senate Bill 320
Tuesday, November 15, 2016

Chairman Balderson, Ranking Member Gentile and members of the Senate Energy and Natural Resources, my name is Zachary Frymier and I am the Director of Energy and Environmental Policy for the Ohio Chamber of Commerce. I am here today to testify in support of making lasting reforms to Ohio's energy mandates.

The Ohio Chamber is the state's leading business advocate and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans. Through the great work of the Ohio Chamber's energy and environment committee, our members have taken a close look at the provisions contained in Senate Bill 320.

It is important to recall why we are discussing this bill today. Two years ago, the Ohio Chamber advocated for SB 310. Our members expressed serious concerns about the escalating costs of Ohio's energy efficiency mandate in particular as Ohio's businesses were paying monthly charges to fund energy efficiency programs. Since the creation of these mandates, all Ohio customers have paid nearly \$1 billion to comply. With forecasts suggesting that figure could rise to \$500 million per year by 2020 to fund energy efficiency programs alone, we supported SB 310 because it suspended for two years further increases in the mandates and created an Energy Mandates Study Committee.

On January 1st, 2017, that two year freeze is set to expire. If the legislature chooses to take no action, the mandates and their attendant costs will resume their escalation. That's why I am here today to ask the General Assembly for the same thing we asked for in 2014: take action to protect Ohio businesses from the cost of the mandates.

SB 320 does a number of things, but there are two items in particular that we believe will address our members' concerns with compliance costs.

First, this legislation would ensure that policies, practices and programs designed and implemented with energy efficiency in mind count towards compliance with the mandates. It is common sense to recognize and count all activities that reduce energy usage. We have seen unfortunate instances of activities that reduce consumption not being counted towards compliance with the law. Innovation is crucial to businesses reducing energy usage and the uncertainty surrounding arbitrary decisions about whether a particular action to increase efficiency will count hampers investment.

Consumer reductions in water usage are but one example of a host of changes that work to reduce energy usage and should be counted. Additional reductions in energy consumption will only become harder and more expensive as the mandates increase. Allowing all activities that increase energy efficiency to count for compliance would ease the burden of these mandates on Ohio businesses.

Second, this legislation would expand the ability of customers to take advantage of the streamlined process created in SB 310 to allow for opting out of a utility's energy efficiency portfolio plan. The streamlined opt out was made available to energy-intensive customers because these users already invested heavily in energy efficiency upgrades, largely due to marketplace demands. Under SB 320, this option would expand to mercantile customers, defined in law as a commercial or industrial electric customer that consumes more than 700,000 kilowatt hours per year or is part of a national account.

We strongly support this provision as it allows businesses to take control of their energy efficiency plans and strengthens the ability of employers to respond to marketplace demands in reducing energy consumption. Energy efficiency helps businesses compete when they are able to allow free enterprise to drive their investment decisions rather than only those steps approved by government. The expansion should take effect as soon as possible, but no later than the January 1, 2019 goal set in the Energy Mandates Study Committee report.

With the mandates poised to resume January 1, 2017, I want to stress again the urgency in reforming Ohio's mandates. Public Utilities Commission of Ohio rules generally require Ohio's electric utilities to file three-year portfolio plans that detail the steps customers will have to take to comply with the mandates. If the PUCO approves the portfolio plans already pending at the commission that lock in existing law, we potentially close the window on rate relief for several more years.

The Ohio Chamber of Commerce is not opposed to clean energy. Rather, we are in favor of an “all of the above” strategy that would strengthen our manufacturing sector, reduce pollution and build a diverse energy portfolio. The changes highlighted in my testimony strike the right balance between the needs of energy consumers and the need for energy efficiency.

Doing nothing would allow the mandates to go back into place and damage our state’s economic climate and the ability of businesses to create jobs. Removing the uncertainty over this issue is absolutely critical to growing our economy.

We urge you to act before the end of the year to protect employers from the escalating costs of Ohio’s energy mandates. Thank you.