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**Majority Floor Leader Bill Seitz  
The Ohio House of Representatives**

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**Sponsor Testimony for House Bill 389: Regards energy efficiency and peak demand reduction portfolios**

Chairman Hoops, Vice Chair Ray, Ranking Member Smith, and members of the committee, it is my pleasure to present House Bill 389 to you today.

The cheapest energy is the energy that isn't used when common sense conservation measures help reduce usage and avoid the cost of building new generation. Most of us never doubted that truth, even as we opposed the energy efficiency mandates that were ultimately repealed in House Bill 6.

Today we bring for your consideration a new, bipartisan approach to energy waste reduction. It differs from the former approach in six critical ways.

First, the approach avoids mandated participation. Residential customers will be offered the opportunity on the front-end to opt-out of the new program, and large customers are excluded from the program unless they affirmatively opt-in to it.

Second, the annual goal for energy waste reduction is 0.5%, far less than the 2% mandate that was going to be cripplingly expensive to attain had the old program remained in effect. It was that expense of meeting the 2% mandate in the later years of the older program that led us to coin the memorable phrase that we needed to stop the “march up Mandate Mountain”.

Third, the legislation caps the maximum monthly cost of the new programs at \$1.50 for each residential customer who chooses to participate in it. This is

substantially less than the uncapped charges that were being paid under the old program.

Fourth, the amount that the utilities can spend is also capped with reference to a percentage of a line-item on a FERC form that all utilities annually report. The previous program had no hard cap on the utilities' spend, and many criticized what they saw as excessive spending.

Fifth, the legislation spells out specific forms of proven energy efficiency initiatives that should be encouraged by the utilities, such as deployment of smart thermostats, while also specifically rejecting other gimmicky forms that will not "count", such as information letters that tell 'Resident A' how their electric usage compares to 'Resident A's neighbors'". These provisions will help ensure that only

those devices most likely to procure the biggest bang for the buck will be deployed.

Sixth, through periodic audits, the PUCO will verify that the savings reached through the programs exceed the costs to any resident. These safeguards will ensure that the energy savings exceed the program cost. Because the program runs in 5-year increments, if the savings do not materialize, the program must be revised and re-approved by the PUCO.

This legislation is the product of months of work and collaboration with three of the state's investor-owned utilities – American Electric Power, Duke Energy, and AES – as well as environmental groups like the the Environmental Law and Policy Center, all of whom support the bill. I urge your favorable consideration, and would welcome any questions.