

**TESTIMONY OF ROBERT KELTER**  
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**PROPONENT TESTIMONY HB 389**  
**SEPTEMBER 29, 2021**

Chairman Hoops, Vice Chair Ray and Ranking Member Smith, thank you for the opportunity to testify today in support of HB 389. My name is Robert Kelter and I'm a senior attorney at the Environmental Law and Policy Center (ELPC).

ELPC has consistently supported energy efficiency as the foundation for clean energy policy in Ohio, because by helping customers use less energy they save money on their bills and we reduce pollution. As an attorney, I have litigated energy efficiency cases in Ohio, Illinois, Michigan and Iowa since 2007. This includes litigating the efficiency cases at the PUCO for all four Ohio utilities, and participating in many of the working groups. And before I get into substance on HB 389, I want to make two points. First, energy efficiency only benefits consumers and the environment if the programs generate true results. Second, we listened to legislators' criticisms of energy efficiency during the HB 6 process, and we've made a real attempt to address the issues raised.

As Representative Seitz noted last week in his testimony, energy efficiency helps reduce the need for new power plants. It also reduces stress on the grid and helps reduce utility spending on delivery services. And, similarly as Representative Leland pointed out, energy efficiency saves money, produces jobs, and reduces pollution.

The point of energy efficiency is to reduce waste. Energy efficiency helps customers get the same comfort and convenience using less energy, which translates to lower bills. That's the reason I think it's appropriate to refer to this bill and the new programs as "energy waste reduction." They reduce waste. Smart thermostats are a perfect example. Customers don't benefit from cooling and heating empty homes, and smart thermostats have sensors that turn down air conditioning in the summer and heating in the winter when customers homes are empty. The utilities can also run their demand response programs through the smart thermostat. Demand response works by turning back customers' thermostats by a degree or two on the hottest days of summer, so we need less power from the more expensive peak power plants.

Not only do the customers who purchase the smart thermostats benefit, but so do the other utility customers who don't invest in a smart thermostat. They save because utilities need to purchase less power on the hottest days of summer, when wholesale electric prices can be as high as 10 times more than off peak. In addition to purchasing less power, the utilities save money by needing to make fewer investments in the grid. We need fewer transformers and other substations. Also, the low-income programs help reduce uncollectible bills that all customers subsidize. Hence, everyone truly does win from efficiency, and the more customers who have a smart thermostat the greater the savings.

Most smart thermostat costs between \$150 and \$250 retail. The thermostats last for 10-15 years, and the payback period is only one year. Even with the short payback period, customers often

don't make that choice absent utility run programs. The utility discount and rebate programs give customers a nudge to make the purchase. In Illinois, where ComEd has run a smart thermostat program for the last five years approximately 500,000 customers have purchased a smart thermostat. In contrast, in Ohio very few customers have smart thermostats, and we hope this bill will change that.

As I mentioned, we listened to legislators' criticisms and we've tightened up the law so that utilities don't get credit for savings that would not take place absent the program. For example, when counting savings for customers who purchase new appliances, the baseline is no longer the customer's old appliance that may have been manufactured in the 1980s or 90s. The savings are based on the difference between the least efficient appliance on the market today, and the one the consumer buys. That means the baseline is the new federal minimum for that appliance. Additionally, utilities can no longer send out kits to customers who don't request them. Finally, the bill gives the Commission clearer direction to ensure the programs save.

Importantly, we know that customers will spend less on the programs than they did before HB6. No residential customer will pay more than \$1.50 on their monthly bill, and they will have an opportunity to opt out. It's also important to note that while the utility programs may sound expensive, the average utility has spent over a billion dollars on AMI meters that produces very little direct customer savings. A new power plant costs \$4-5 billion.

Another element that has been overlooked is that the energy efficiency programs create jobs. A big part of reducing energy usage is weatherizing homes and businesses, and it's Ohioans who do that work. When the utilities shut down programs, Ohioans lost those jobs and the faster we pass this legislation the sooner utilities can implement the programs that bring those jobs back.

Finally, I want to close today by thanking the legislators who worked on this bill, and also thanking the utilities. First, the legislators. Both the Republicans and Democrats we've reached out to in crafting this bill have been extremely gracious with their time, and I think have really listened to ELPC's views. The thanks start with Representative Seitz, who has met with ELPC many times over the years. I think it's fair to say we started out with very different perspectives on this, but have worked very hard to find common ground. Thanks to Chairman Hoops who has worked hard to find solutions. Thanks to Representative Leland and the Democrats we've met with. I don't want to name additional names because I will invariably leave someone important out. And I also want to thank AEP, Duke and AES Ohio, for working with ELPC and the environmental community in a real give and take manner. That doesn't always happen and it's not always easy.

That concludes my testimony and I'd be happy to take questions.