



**House of Representatives Public Utilities Committee
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Ohio Partners for Affordable Energy
Testimony in Support
September 29, 2021**

Chair Hoops, Vice Chair Ray, Ranking Member Smith, and members of the Ohio House of Representatives Public Utilities Committee, thank you for the opportunity to submit testimony in support of House Bill 389. House Bill 389 would authorize Ohio's electric distribution utilities ("EDUs") to offer energy efficiency programs to those customers who want them through an opt-out approach for residential customers and an opt-in approach for mercantile customers. We sincerely thank Representative Seitz and Representative Leland for introducing this bill. We would also like to take a moment to thank the legislature for the 25% set aside of federal LIHEAP dollars for weatherization services. Finally, we would like to thank the General Assembly for the passage of the most recent House Bill 6 which restarted previously approved energy efficiency programs on a limited basis, which were paused by the COVID-19 pandemic, so that low-income customers could seek the benefits they missed during the pandemic.

WHO IS OPAE?

Ohio Partners for Affordable Energy (OPAE) is a non-profit organization that advocates for affordable utility rates and provides energy efficiency services and bill payment assistance to the most vulnerable families in Ohio. Many of OPAE's members

are Community Action Agencies. Under the federal legislation authorizing the creation and funding of these agencies, originally known as the Economic Opportunity Act of 1964, Community Action Agencies are charged with advocating for low-income residents of their communities. OPAE advocates at the Public Utilities Commission of Ohio (the “Commission”) as well as here at the statehouse for the benefit of low-income residential and small commercial utility customers. We are regularly involved in gas and electric cases at the Commission.

OPAЕ and its member agencies have been managing and delivering weatherization and energy efficiency services for Ohio’s utilities since the mid-1980’s. These programs are proven to save our clients and ratepayers money.

WHAT DOES OPAE DO?

OPAЕ members serve primarily clients with incomes of less than 200% of the federal poverty line (FPL), or a monthly income of roughly \$2,000 for a family of three with one wage earner. This is the equivalent of a 40-hour job around \$12.50 an hour. Virtually all our client’s homes include elderly or disabled individuals or children. The average Social Security benefit is \$1,461, which is roughly 110% FPL for a family of two. We also target high energy users and families with high energy burdens, the ratio of energy bills to income.

OPAЕ and its members provide services to these customers through the federally funded Home Weatherization Assistance Program (HWAP) which provides funding for services for people with incomes at 200% of the federal poverty line. There are a large number of families that are eligible for energy efficiency services. Just over

32% of Ohio households have incomes low enough to receive assistance under energy efficiency programs. In particular, we focus on those households with the very lowest of incomes - roughly 290,000 families.

Weatherization does more than simply provide better insulation for homes. Weatherization identifies gas leaks, unsafe wiring and appliances that are releasing carbon monoxide into the home. Prior to the elimination of the energy efficiency portfolio programs, we served around 10,000 families with the electric utility programs every year. With other resources, this number grew to around 16,000. The loss of the programs resulted in the loss of weatherization services for approximately 10,000 homes.

Electric energy efficiency measures save clients roughly two months of electric bills, and more if they heat and cool with electricity. Customers that receive weatherization services are more likely to pay their bills and less likely to need help from bill payment assistance program. This reduces the costs associated with credit and collection which are driven by the affordability of utility service. Ratepayers benefit from these impacts.

Historically, OPAE targeted programs to get the biggest bang for the buck and to help the most vulnerable. In Program Year 2018, prior to the elimination of the energy efficiency standards, we provided services that saved those families \$13 million over the life of the measures. You can rest assured the money our families save will be spent and will be spent in Ohio.

HOW OPAE'S SERVICES HAVE TRADITIONALLY BEEN FUNDED

OPAE's services have historically been funded by three main sources:

- Energy efficiency portfolio cases from the Commission. Prior to their termination, these programs generated approximately \$15,900,000 annually.
- A transfer of 20% of Ohio's allotment of Low-income Home Energy Assistance Program ("LIHEAP") funds from the U.S. Department of Health and Human Services. This transfer provided approximately \$28,600,000 annually for weatherization.
- Home Weatherization Assistance Program ("HWAP") dollars from the U.S. Department of Energy which amounted to approximately \$11,700,000 annually.

To be clear, OPAE does not receive funding from these sources, rather these dollars fund the services that OPAE and its members administer.

HOW OPAE'S SERVICES ARE CURRENTLY FUNDED

The termination of the energy efficiency portfolio programs eliminated almost \$16 million of funding from the efficiency and weatherization services administered by OPAE and its member agencies. To assist with this loss of funding, the General Assembly directed the Ohio Department of Development to seek 25% of Ohio's LIHEAP allotment from the federal government, which is traditionally used for bill payment assistance, instead of the traditional 15-20%. The U.S. Department of Health and Human Services allows these dollars to be transferred for weatherization uses because of the direct impact that weatherization programs have on reducing the need for future bill payment assistance. This 5% increase resulted in an approximately \$7,200,000 additional funding for weatherization.¹ Nevertheless, weatherization programs saw a reduction in

¹ Funding that was otherwise not being used because the need for bill payment assistance dollars is significantly lower than the amount of funds available from LIHEAP.

funding from the loss of the energy efficiency portfolio programs.

WHY HB 389 IS SO IMPORTANT

HB 389 will enable us to provide much-needed services to those who need them while also reducing the cost burden placed on the rest of the residential customer class. HB 389 will help cover the gap left by the termination of the energy efficiency portfolio programs. Though the 5% increase from LIHEAP funds was certainly helpful, funding from utility programs is particularly helpful because it has fewer restrictions on its use. Federal dollars are earmarked for very specific services and cannot be used for others. These restrictions can result in homes being passed over for weatherization because not enough can be done with just the federal dollars to make the weatherization project make financial sense.

Utility dollars enable OPAE's members to fill in those gaps and stretch the federal dollars further by broadening the array of weatherization measures that can be undertaken. This results in some homes, which otherwise could not be weatherized using federal dollars alone, qualifying for weatherization. This is due to the additional services OPAE and its members can provide with the less restrictive utility dollars. Utility dollars have enabled OPAE to weatherize over 10,000 homes each year than it can without them because of their ability to fill in the gaps and maximize the usage of the federal weatherization dollars. House Bill 389 directs EDUs to reserve at least 15% of their residential program portfolio costs to serve customers with incomes up to 200% FPL. These dollars can dramatically increase the number of Ohioans OPAE and its member agencies are able to serve.

HB 389 PROVIDES MUCH NEEDED GUIDANCE FROM THE LEGISLATURE

Since the elimination of the energy efficiency standards, multiple EDUs have attempted to continue energy efficiency programs under the statutory authority of R.C. 4905.70. This section of the Revised Code requires the Commission to promote and encourage the conservation of energy and reduce the growth rate of energy consumption. For years, this statute has been the basis of the energy efficiency programs for natural gas utilities and was even cited by Representative Seitz on the Floor as a path for EDUs to continue to offer energy efficiency services after the elimination of the standards. Yet, thus far, various parties at the Commission and the Staff of the Commission have denied that R.C. 4905.70 authorizes such programs for electric distribution utilities and no EDU has successfully had one approved.

House Bill 389 makes it clear that the legislature supports customers having the choice to participate in energy efficiency programs as long as they are not forced to do so. House Bill 389 will empower customers to choose what's best for them. Further, House Bill 389 ensures the maximum benefits for customers by excluding the cost of customer incentive programs or the recovery of lost distribution revenue from counting against the portfolio's overall budget.

Low-Income Energy Efficiency Programs Are Important.

Since 1981, Ohio has provided assistance to families that cannot afford their utility bills with payment assistance, payment plans, and weatherization programs. The General Assembly has traditionally favored weatherization funding over payment assistance because it is a *permanent* solution to energy affordability. After receiving

weatherization services, many households no longer need financial assistance to pay their utility bills. If low-income weatherization funding by electric utilities is eliminated, there will be a greater need for bill payment assistance; bad debt and disconnections will increase costs for ratepayers; and families who simply lack the funds to pay their electric bills could be uprooted from their homes, schools and jobs.

Another benefit of weatherization is the positive effect it has on family health, an impact that can be measured. Many recipients of weatherization services have an elderly or disabled person, or children living in the home. These families often lack the resources to maintain their homes. Weatherization identifies gas leaks, unsafe wiring, and carbon monoxide-emitting appliances in the home. Such instances occur more often than one might think. We see many homes where families cannot afford to replace a broken furnace and instead use electric space heaters or propane/kerosene burners that are risks for fire and carbon monoxide emissions. After receiving weatherization and other energy efficiency services, these families have lower utility bills, more efficient indoor climate control, and are more able to afford the food and medications they need. Further, we have found that some customers are not comfortable applying for government assistance programs but will apply for utility-provided assistance programs.

A recent national evaluation revealed that the weatherization services our nonprofit providers deliver reduce medical costs for families by an average of \$14,000 over the 16-year life of the measures.² Reestablishing funding for electric energy efficiency programs not only reduces the needs for energy bill payment assistance but it

² http://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL_TM-2014_345.pdf

results in reduced need for emergency room visits, particularly among those with asthma, COPD, and circulatory problems. Weatherization also reduces Medicaid costs.

In Conclusion

OPAE believes that energy efficiency is an essential service EDUs should provide their customers, especially when customers want it. It is also critical to continue programs that help low-income families. Through this legislation, we have an opportunity to provide assistance – while reducing energy usage – to households where our most vulnerable Ohioans live – our elderly, our disabled, and our children.

Efficiency programs save ratepayers money by reducing utility costs. Let us continue to help struggling families and ensure the continuation of low-income efficiency programs.

I thank you for the opportunity to provide testimony and welcome any questions you may have.