



CITIZENS UTILITY BOARD OF OHIO

Proponent Testimony by Tom Bullock on House Bill 389 Executive Director, Citizens Utility Board of Ohio House Public Utilities Committee September 29, 2021

Chairman Hoops, Vice-Chair Ray, Ranking Member Smith, and members of the House Public Utilities Committee, thank you for the opportunity to submit proponent testimony on House Bill 389 (HB 389), a bill to help utility customers save energy and money by encouraging electric distribution utilities (EDUs) to develop voluntary portfolios of energy savings programs. My name is Tom Bullock, and I am executive director of the Citizens Utility Board of Ohio (CUB Ohio).

CUB Ohio is a consumer organization working on behalf of residential and small business utility customers. We are a nonpartisan nonprofit with membership across the state, and we work for cheaper bills, reliable service, transparency, consumer rights, and clean, healthy energy.

Ohio utilities have work to do to improve on the costs they charge consumers. Last fall, a first-of-its-kind report by CUB Ohio, "[Electric Utility Performance: Ranking Ohio Among the States](#)", assessed performance of Ohio's electric utilities, showing they rank among the bottom five in the nation in three areas of importance to electricity customers: affordability, reliability and environmental impact. The report, which can be found at CUBOH.org, catalogued the performance of utilities in all 50 states plus the District of Columbia; Ohio's electric utilities scored a cumulative rating of 47th out of 51.

CUB Ohio's perspective on energy sources is that we do not rule any fuels source out or in. We are for the consumer, and we analyze for affordability, reliability, and cleanliness. One of the most important "fuel" sources is energy efficiency: the cheapest and cleanest unit of power is the one we save, or don't use.

Ohio has much room to achieve greater efficiency gains and a corresponding reduction in cost to consumers. Getting that to work in practice requires a coordinated program and a clear enough price signal to drive behavior change on a meaningful scale. Without that, consumer participation is anemic and system-wide gains do not materialize. But the good news is that there are programs that could be run today that would provide net benefits for all customers—including residential programs like rebates for efficient products and incentives for efficient new home construction.

HB 389 would take an important first step towards this goal by encouraging EDUs to develop voluntary portfolios of energy savings programs to help customers (including low-income residential customers) save energy and reduce their monthly bill. It encourages EDUs to propose programs to achieve gross annual energy savings equivalent to 0.5 percent of their prior year's retail electric sales. It also includes guard rails for cost effectiveness, caps on customer charges, and reporting requirements from both PUCO and EDUs. HB 389 also allows customers to opt-out if they don't want to participate in these programs, and it provides for PUCO oversight to make sure programs are well-designed. These are meaningful provisions to improve upon previous Ohio energy efficiency programs.

Several key points to emphasize:

- There are real market barriers that prevent consumers from identifying or affording energy management technologies even where they're cost-effective, and targeted utility programs can successfully address those barriers.

- Well-run programs end up saving money for all customers whether they directly participate or not because they reduce the peak electricity demands that drive a significant portion of costs for generation, transmission, and distribution.
 - As an example, AEP Ohio, in its recent June 2020 rate case proposal for demand-side management programs, calculated benefits (savings) of \$100 million compared to a cost of \$36.6 million. All but one of the elements in their plan saved more than the costs invested, ranging from 130 percent of costs to 410 percent of costs.
- Low-income programs are an important part of utility energy efficiency programs to help reduce energy waste for the customers who need it most.

Thank you for the opportunity to provide proponent testimony on behalf of HB 389. I am happy to answer your questions.