

# Northwest Ohio Aggregation Coalition



## **OPPOSITION TESTIMONY – HB 389** **House Public Utilities Committee**

**Thomas Hays**  
**On Behalf of the Northwest Ohio Aggregation Coalition**  
**And its 15 Member Communities**  
**October 13, 2021**

### Cities

*Maumee*

*Northwood*

*Oregon*

*Perrysburg*

*Rossford*

*Sylvania*

*Toledo*

*Waterville*

### Villages

*Delta*

*Holland*

*Ottawa Hills*

*Walbridge*

### Townships

*Lake*

*Perrysburg*

### Counties

*Lucas*

Chair Hoops, Vice Chair Ray, Ranking Member Smith and members of the Public Utilities Committee thank you for this opportunity to present testimony in opposition to HB 389.

The Northwest Ohio Aggregation Coalition (NOAC) and its 15 member communities negotiate the terms and pricing for the electricity used by over 125,000 households, small businesses, and family farms. We represent customers.

Our communities implemented many energy efficiency programs so we know a good program from a bad one. A key hallmark of successful EE programs is competition. Ohio has a robust market of EE professionals, goods, and services. Unfortunately, HB 389 excludes this competitive marketplace. Instead, utility companies are, once again, selected as the winners and unjustly awarded with very one-sided cost-plus contracts. Customers will carry the financial burden. And this time, only households, seniors, family farms and small businesses will carry the entire burden.

The public often thinks that utility companies pay for EE programs. However, as we know, customers pay every penny. When June and Joe get \$100 from the EE program, that \$100 cost is socialized into all their neighbors' electric bills – regardless of their participation in any program or any actual benefit associated with the cost. It makes no sense that collectively customers should pay more for a product from a utility company than it costs for an identical product online or in stores.

Under HB 389, customers will pay a whole lot more for these goods and services. In addition to the actual cost, customers must pay the utility:

- All the costs of the utility company to run the program
- Plus deferrals
- Plus “Incentives”
- Plus “lost distribution revenue”.

This is wrong. Before awarding very one-sided cost-plus contracts the PUCO should be required to seek offers from various EE service organizations. In addition, HB 389 should not include “incentives” or lost distribution revenue for the utilities. If Ohio law requires utilities to run an EE program, then incentives are not required. Consumers do not pay an extra charge per gallon at the gas pump because they bought a car that gets better mileage. They should not be required to pay utilities either. That is what incentives and lost distribution revenue are all about in HB 389. These unfair costs will drive the total amount charged to consumers far above a fair value market price.

Frankly, these additional charges are hidden by claiming that program costs are capped at \$1.50 per month by excluding the cost deferrals, incentives and lost distribution revenues from the cap calculation. History from previous EE programs makes NOAC expect that HB 389 will offer tens of millions in windfalls to each utility. That unnecessary utility profit comes directly and only from the customers. The Legislative Service Commission should be asked to estimate the program costs including the utility’s incentives and lost distribution revenues in a cost analysis.

Finally, NOAC aggregation participants are permitted to leave anytime without penalty. All aggregations are required by law to allow participants to terminate. HB 389 does not. If your constituents fail to quickly and properly opt-out of the program, they are simply captured for 5 years.

We urge the Committee to reject HB 389 and I would be happy to answer any questions at this time.