



**Ohio Senate
Energy and Public Utilities Committee
Interested Party Testimony
Senate Bill 10**

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Chairman Peterson, Vice-chair Schuring, Ranking Member Williams, and members of the Senate Energy and Public Utilities Committee, thank you for the opportunity to provide written testimony as an interested party to Senate Bill 10. I am Leo Almeida and I am a Senior Policy Associate at The Nature Conservancy in Ohio.

The Nature Conservancy is a non-partisan, science-based organization that seeks to conserve the lands and waters on which all life depends. We have chapters in all 50 states and work in over 70 countries across the globe. We work collaboratively with businesses, farmers, sportsmen groups, government and local communities to develop pragmatic, market-based solutions to conservation challenges, including air pollution. More than 65,000 Ohioans are Nature Conservancy supporters.

The Nature Conservancy commends Senator Romanchuk for continuing to pursue the work he and other members of the House of Representatives started last year to fix some of the issues raised regarding Ohio's energy policies. In 2008, the Ohio General Assembly passed Senate Bill 221 to establish forward-thinking policies for our state to be a leader in the energy sector. This bill included the creation of the Energy Efficiency Resource Standard (EERS) in addition to a decoupling mechanism to incentivize utilities to operate energy efficiency programs. Also included in Senate Bill 221 was a consumer protection measure known as the Significantly Excessive Earnings Test (SEET) which disincentivizes a utility company from overcharging its customers for energy distribution and inflating profits by requiring a customer refund after the utility reaches a certain profit threshold that is set by the Public Utilities Commission of Ohio (PUCO). Unfortunately, since the enactment of SB 221 over a decade ago, the Ohio General Assembly has passed multiple bills that have provided larger benefits for the utilities and their shareholders than for Ohio's energy consumers. Reexamining the altered policies for decoupling and the SEET is an important step in restoring balance and consumer confidence in Ohio's energy sector regulations.

Decoupling was established to provide Ohio's utilities with a way to recover possible decreases in profits from operating energy efficiency programs as previously required under the EERS. As you know the EERS was gutted in House Bill 6. Energy efficiency means less energy consumption and therefore cost savings for Ohio ratepayers. It also results in less emissions from energy production which means cleaner air for all Ohioans. Removing the EERS is one of the reasons TNC opposed House Bill 6 and why we have called on the General Assembly to reinstate the EERS or some type of energy efficiency requirement. It is counterintuitive that the decoupling provisions passed in House Bill 6 allow for even more profits for utilities than originally intended while also taking away the expectations that utilities provide the very programs that created a need for this cost-recovery mechanism and removing all benefits to the consumers.

The SEET is another policy that must be addressed on behalf of consumers. The law allowing for utilities to collect significantly excessive profits was altered through House Bill 166 in 2019. This bill allowed for the PUCO to apply the SEET to all the profits earned by an energy company's utilities instead of evaluating them on a utility-by-utility basis. This change allows the energy company to keep more of its profits before triggering a customer refund because the cumulative amount of profits earned by an energy company can be spread out among all its utilities even if one of those utilities had profits that exceed the 17% threshold set by the PUCO. Once again this is a policy that favors the energy company and provides no benefit to the consumer.

The Nature Conservancy is an interested party to Senate Bill 10 because while it is a good step forward in addressing some issues, it does not address the myriad of other issues that still exist in our state's energy policies. Only five years after the passage of Senate Bill 221, policymakers began discussing a rollback of the clean energy standards. For the past seven years, the Ohio General Assembly has generated turmoil for the businesses, municipalities, school districts and landowners benefiting from renewable energy development and energy efficiency. We must stop debating these on-again, off-again energy policies and instead carefully develop a comprehensive energy policy which should include items such as energy efficiency, grid modernization, electric vehicle infrastructure, net metering, and expanding distributed generation opportunities.

Developing a true comprehensive energy plan will allow us to harness all the potential we have as a state to be a leader in lower carbon energy sources and respond to current and future demand for a forward-thinking energy portfolio. We have no doubt Ohio's policymakers, businesses and manufacturers, municipalities, environmental and conservation groups, consumer advocacy agencies and all the others that have been a part of the process can come together to craft an approach that will better respond to what Ohioans want and need. We heard, during deliberations of HB 6, numerous organizations offering ideas that would move us forward as a state. Do not be daunted by the idea of a comprehensive approach. Ohioans have shown they embrace innovation, challenges, and clean energy. We offer our organization's help to the General Assembly to create an inclusive approach that reinforces lower carbon goals, encourages the economic benefits of clean energy, incentivizes new technology to address current challenges related to energy storage, remove impediments to growth, and sends a clear message that Ohio is open for business.

Thank you for the opportunity to provide written testimony as an interested party to Senate Bill 10. Please contact me if you have any questions.

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