



Written Opponent Testimony on House Bill 249

House Public Utilities Committee

Gary Morsches, CEO, Nationwide Energy Partners

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Chairman Cupp, Vice Chair Carfagna, Ranking Member Ashford, and members of the committee, thank you for the opportunity to provide written testimony on House Bill 249. I am Gary Morsches, CEO of Nationwide Energy Partners (NEP), a Columbus, Ohio-based company, launched in 1999. I joined NEP in 2015 and have worked in the regulated and de-regulated energy industry for more than 30 years.

Submetering is the installation of electric and water metering devices behind the master utility meter at multifamily and retail properties. Submetering gives the property owner or manager the ability to accurately measure energy and water usage for each unit and for the common use areas.

NEP was launched as a market alternative to the significant costs that AEP and other utilities charge property owners to install private electric distribution systems on multifamily properties. Without our submetering solutions, property developers have to pay much higher upfront costs, up to \$1 million, to install distribution lines and meters to their units. These significant costs would result in higher rent for residents.

Increasingly in Ohio, property owners—whether commercial or residential—want to be able to better plan for how their sites use and conserve energy. With proper planning, submetering is a gateway to innovation, allowing real transparency into how energy is used on a property and allowing property owners to be able to quickly add EV charging stations, solar energy and energy storage systems. The ability to plan and make energy choices is a property right recognized by the Supreme Court of the State of Ohio.

Once the private electric distribution system is installed behind the master meter, NEP works on behalf of property owners to bill residents for their *actual*—not estimated—electricity and water usage. Actual electricity and water usage is measured through the utility-grade smart meters assigned to each unit. Accordingly, residents have transparency into their electricity use and are not charged for their neighboring units' usage. NEP also works with residents and property owners to help them understand how they use electricity and what they can do to conserve electricity and thus save money.

For nearly four years, NEP has been advocating for legislation to codify consumer protections for residents, while allowing for property owners to make decisions regarding how their property is managed. If a property owner wants to save significant costs by choosing a faster and less expensive option to install a safe, private electric distribution system, that is within their property rights to make that decision. We also believe very strongly that consumer protections are good for residents, good for property owners and good for the industry. We continue to engage with legislators and interested parties in an attempt to find common ground to protect consumers while protecting property owner rights. However, opponents of this industry, the sponsor included, want to protect the utility's monopoly without question and ban submetering in Ohio, putting us and others out of business.

We strongly urge legislators and others to understand how distorted some arguments have become. In fact, accusations made by the bill sponsor that submetered residents pay 40% more for their electricity are untrue. The sponsor cited a flawed LSC inquiry during his testimony that compared rates applied to the electric usage of a submetered resident (NEP) and the electric usage of a regulated utility customer (AEP). The fatal flaw is this: LSC applied AEP rates from July 2017 to “analyze” resident bills from 2014, 2015 and 2016 at communities billed by NEP. That is a significant error; even LSC noted in its analysis that it should not be relied upon. NEP conducted an independent analysis which utilized the rate calculators linked to the actual billing dates and found the amounts to be consistent. Simply put, LSC applied the wrong AEP rate calculator when conducting their inquiry.

Finally, the Public Utilities Commission of Ohio (PUCO) has already ruled on this issue. Last June, the PUCO issued a ruling saying that unless a resident is charged more than the standard service offer, the submetering company is not a utility and the PUCO lacks jurisdiction to regulate it. This ruling has set a clear test that benefits consumers and triggers action by the PUCO on submetering pricing.

For this reason, NEP respectfully asks that this committee oppose House Bill 249. Instead, we ask that you continue to consider codification of consumer protections in a separate piece of legislation, one that does not intend to ban submetering and take away choice for property owners.

Thank you again for the opportunity to weigh in on this important subject.