



Mid-Ohio Regional
Planning Commission

111 Liberty Street, Suite 100
Columbus, Ohio 43215

T 614.228.2663
TTY 1.800.750.0750

www.morpc.org

Ohio Senate Energy and Natural Resource Committee
House Bill 114

Written Opponent Testimony
Christina O’Keeffe, MORPC Director of Energy and Air Quality
October 18, 2017

Chair Balderson, Vice Chair Jordan, and Ranking Member O’Brien and members of the Ohio Senate Energy and Natural Resources Committee, thank you for the opportunity to submit written opponent testimony on House Bill 114 (HB114). Although the Mid-Ohio Regional Planning Commission (MORPC) opposes HB114 in its current form, we believe this is an opportunity to collaborate and ensure all Ohio local governments have the necessary energy tools to support their residents and businesses.

My name is Christina O’Keeffe, and I am the MORPC Director of Energy and Air Quality. MORPC is a voluntary association of over 60 Central Ohio political subdivisions and regional organizations. We are Central Ohio’s regional council of local governments and provide programs, services, and funding related to transportation, energy, data, land use, and economic growth. We are committed to collaborating and creating new strategies that continue to enhance Central Ohio.

In Central Ohio, energy is key to the economic growth and success of the region, which is on track to increase the population by 1 million people along with adding 300,000 new housing units and 300,000 new jobs. To sustain this growth and plan for our future success, MORPC is focused on supporting energy efficiency and an abundant supply of safe, reliable and affordable sources of energy. This top goal is reflected in MORPC’s 2017-2018 Public Policy Agenda, and in consultation with our member governments, MORPC finds HB 114 is not consistent with this policy goal. Therefore, MORPC will oppose the bill in its current state.

Areas of Concern

MORPC is concerned with the following provisions of the bill:

- **The elimination of the state’s energy efficiency requirements:** As a membership driven agency, the local governments that comprise our board are concerned that a lack of required standards would cause a delay in the state’s progress toward diversifying our energy portfolio through improved energy efficiency and greater use of renewable energy. Furthermore, a lack of enforceable, metric-driven standards creates market uncertainty and hurts economic development efforts. Central Ohio has missed opportunities where Fortune 500 companies have chosen to locate their business facilities to other U.S. States that share their sustainable energy policies and values. In order to compete and thrive in this interconnected market, we must create long-term certainty and move along the path of innovation, growth, and job creation. MORPC is supportive of a more balanced approach that includes a combination of standards and incentives.

William Murdock, AICP
Executive Director

Matt Greeson
Chair

Rory McGuiness
Vice Chair

Karen J. Angelou
Secretary

- **Opt outs lead to increased costs:** Along with the elimination of energy efficiency requirements, there is language in the bill that would allow all residential and mercantile customers to opt out of participating in the programs for renewable energy and energy efficiency. This action would reduce the potential investment that can be made into energy-saving technologies and prohibit customers from participating in the benefits if they unknowingly remove themselves. As a result of the reduction in energy efficiency and cleaner renewable energy sources to serve the growing demand in Central Ohio, the overall costs to consumers could be significant. For example, according to a recent study by the *American Council for an Energy Efficient Economy*, under a “mid-range scenario” that assumes a 35-percent opt-out, the analysis estimates Ohioans could incur \$6.42 billion in costs that they would otherwise have saved over a ten year periods.
- **Energy efficiency benchmarks would be reduced to 17.2 percent from 22.2 percent by 2027:** Since energy efficiency is the lowest cost resource to support the economic and population growth in Central Ohio, MORPC supports continued and increased investments in strategies and policies that sustain long-term investments to save energy. A reduction in the overall standards may adversely impact market certainty and economic development opportunities. MORPC is cautious of these proposed reduction since energy efficiency is a great value – every \$1 invested brings at least \$2 in economic benefits.

Areas of Support and Opportunity

We also believe there are opportunities to enhance the bill and suggest the following for consideration:

- **Enhancing the Effectiveness of ESIDs:** MORPC supports the use of effective incentives so that the standards are achieved successfully over time by making it easier for businesses and governments to utilize innovative energy tools that not only reduce their energy consumption, but save money. One important tool is the Energy Special Improvement Districts (ESIDs) that needs updating to make it more streamlined, economical and useful.

ESIDs allow property owners to finance building energy improvements through a voluntary assessment on their property tax bill and eliminates the need for upfront capital. Owners can spread the repayment costs over the life of the energy improvements, so that the savings generated from the project are greater than the annual loan repayment made through the ESID. More importantly, the loan is accounted for within the property bill rather than the borrower’s credit which means it does not count as debt.

More can be achieved through ESIDs to support local energy projects. In Central Ohio, local governments are working together to deliver this project financing tool through a shared services approach, but are limited by current law resulting in increased administrative burden. Businesses will benefit by eliminating many of provisions under existing law for ESID as proposed in SB 185 (131st GA) and HB 72 (131st GA). With increased flexibility, this tool can be utilized through reduced costs and increase the participation of commercial and industrial business to manage and reduce their energy consumption and save money.

- **Increasing the LIHEAP Weatherization Transfer:** MORPC supports inserting language into the bill that would increase the available federal funding available to the Ohio Home Weatherization Assistance Program (HWAP), specifically requesting the annual transfer of LIHEAP funding (Low-Income Home Energy Assistance Program, or “HEAP”) to be maxed out at 25% (from 20%) allowable under the program requirements. Based on the previous year’s amount of HEAP funding and transfer, this would result in a substantial increase in funding for HWAP which can help customers lower their utility bills. This benefit is critical for these families, who may have lower household incomes and are paying up to four times as much of their income on utilities compared to the average consumer. Through home weatherization services, these households will be safer and healthier for families and cost less to keep warm or cool that translates into savings for other critical needs like transportation, medical care and food.

Thank you again for the opportunity to express MORPC’s opposition of HB 114. As businesses analyze the suitability of Central Ohio as a location for their new or expanded business operations, the abundance and stability of energy – particularly in a quickly growing region – will be an important factor for continued growth. Diversifying the energy generation portfolio to include energy efficiency and renewable energy are smart strategies for our competitive advantage and growth in Central Ohio.

We look forward to continuing to work together to improve the bill and find common ground on this critical issue for our region and state. If the issues highlighted in this testimony are addressed and other areas of opportunity are included in a potential substitute bill, MORPC is willing to reconsider its position.

Please do not hesitate to contact me if there are any questions or if I can be of assistance. I can be reached by phone at 614-233-4192 or email at cokeeffe@morpc.org.

Sincerely,

Christina O’Keeffe
MORPC Director of Energy and Air Quality