



**Written Testimony for the Ohio Senate Energy and Natural Resources Committee
of Advanced Energy Management Alliance – January 9, 2018**

The Advanced Energy Management Alliance (“AEMA”)¹ thanks Chairman Balderson and the members of the Senate Energy and Natural Resources Committee for the opportunity to submit this written testimony. AEMA is a trade association under Section 501(c)(6) of the Federal tax code whose members include national distributed energy resource (“DER”), demand response (“DR”), and advanced energy management service and technology providers, as well as some of the nation’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. This filing represents the opinions of AEMA as an organization rather than those of any individual association members.

AEMA members have a significant presence in Ohio, with approximately 2,500 Ohio businesses, local governments, and institutions participating in the PJM emergency demand response programs, totaling approximately 1,500 MW. The PJM Independent Market Monitor reported that this program has saved PJM customers as much as \$11.8 Billion in a single year, while participating customers receive tens of millions of dollars in payments each year.² Moreover, PJM credited demand response with helping keep the lights on during the Polar

¹ For additional information, see AEMA website: <http://aem-alliance.org>

² Monitoring Analytics, Analysis of the 2013/2014 PJM Base Residual Auction Revised and Updated, at 53 (September 20, 2010), http://www.monitoringanalytics.com/reports/Reports/2010/Analysis_of_2013_2014_RPM_Base_Residual_Auction_20090920.pdf.

Vortex.³ AEMA members are proud of their role in strengthening grid reliability and the competitiveness of the Ohio economy.

While the PJM program has clearly been successful, it is not intended to address the 1% of peak hours of the year that have typically been found to account for 8%-10% of electricity costs.⁴ As has been recently demonstrated in other states, Ohio energy customers could save tens of millions of dollars from increased efforts to reduce demand during the highest peak hours. For instance, the Pennsylvania Public Utility Commission's consultant estimates that their current peak demand reduction programs will deliver net benefits of approximately \$1.80 for every \$1.00 spent,⁵ with the \$1.00 spent largely taking the form of payments to Pennsylvania energy customers. This represents \$20 million in estimated annual net benefits, even excluding the economic benefits from direct payments to participating customers.

AEMA recommends, therefore, that any final energy legislation **include provisions that reduce demand for electricity during the highest of peak hours**. SB 221 included peak demand reduction language; now is the appropriate time to reform those provisions to be more effective in reducing costs to consumers. It is also imperative that any final legislation fully aligns the interests of utilities with their customers. Utilities should receive incentives for the successful execution of peak demand reduction programs that exceed any potential lost revenue they would have received if they had not run the programs. Even with incentives to utilities, customers can realize a net benefit.

³ Petition For Rehearing En Banc Of PJM Interconnection, L.L.C., *Electric Power Supply Ass'n v. FERC* at 10-11, No. 11-1486 (D.C. Cir. July 7, 2014).

⁴ The PJM emergency programs are called when grid reliability is threatened, and not necessarily during peak or high-priced hours.

⁵ Demand Response Potential in Pennsylvania. Prepared For: Pennsylvania Public Utility Commission. Final Report. February 25, 2015. Prepared by GDS Associates, Nexant, Research Into Action, Apex.

Thank you for this opportunity to submit testimony on this important issue for Ohio consumers and the economy; we look forward to collaborating with Members of the Committee to enact common-sense legislation.

Respectfully submitted,

A handwritten signature in black ink that reads "Katherine Hamilton". The signature is written in a cursive style.

Katherine Hamilton
Executive Director
Advanced Energy Management Alliance
1200 18th St, NW, Suite 700
Washington, DC 20036
Katherine@aem-alliance.org
202-524-8832

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