

# **Northwest Ohio** **Aggregation Coalition**



## ***NOAC Update for Legislators*** **HB 79: The Big Utility Tax of 2023**

### **Cities**

#### ***Maumee***

HB 79 forces residential, small businesses and farms into a customer paid energy efficiency program run by their electric distribution utility. Customers will pay all the costs of the EE rebates and the utility's actual expenses. The benefits of these programs will not be realized by the consumers paying for the costly programs. Rather, the financial gain will be enjoyed by the utility companies completely at the consumer's expense. Ohioans' electric bill will go up.

#### ***Northwood***

#### ***Oregon***

#### ***Perrysburg***

#### ***Rossford***

### **\$1.50 COST CAP?**

#### ***Sylvania***

Proponents claim that a residential customer's cost is capped at \$1.50 a month or \$90 per household over five years. This is simply not the case. Only program costs are included in the proposed "cost cap". HB 79 excludes additional fees like "lost distribution revenue" and "utility incentives" from the "cost cap". These enormous windfalls for the utility companies justified the legislature ending utility run EE programs a few short years ago. Customers will pay 100% of these hidden fees, above the "cost cap" in HB 79.

#### ***Toledo***

#### ***Waterville***

### **Villages**

#### ***Delta***

We estimate the approximately 4 million Ohio households alone will pay a staggering \$360,000,000 in program costs – the supposed \$1.50 "cost cap" – over a 5-year program period. This figure does not include small businesses and family farms, who will also pay for these programs. Worse, the faux "cost cap" specifically excludes additional fees like "lost distribution revenue" and "utility incentives". In the cancelled programs, these fees totaled hundreds of millions--all paid for by consumers on their electric bills.

#### ***Holland***

#### ***Ottawa Hills***

#### ***Walbridge***

There is no LSC fiscal analysis or estimates for HB 79 to determine the actual total cost to customers. The bill permits the utilities to determine these uncapped taxes and collect them by unknown mechanisms. Legislators cannot tell their constituents what the actual total charges for these programs will be. The utility company designs the program and its own rewards.

### **Townships**

#### ***Lake***

Added together the program costs, "incentives" and "lost distribution revenues" will drive the cost of their EE products far above the fair market price at your local store or online. After paying the \$1.50 program costs, the lost distribution revenue, and the utility incentives, the financial benefit to consumers for what should be a lower utility bill is transferred to the utility company. The costs are socialized or spread into all customers' bills. Even if a customer never uses any product or service offered, every customer is billed each month.

#### ***Perrysburg***

### **Counties**

#### ***Lucas***

### **VOLUNTARY PROGRAMS?**

HB 79 is far from voluntary. A customer will be sent just two mailers and given one chance to opt out at the start. If the customer doesn't understand or throws the two mailers out with all the other junk mail marked "IMPORTANT," then they are captured for five years and can no longer opt-out.

Long ago when EE was a novel concept, these HB 79-like programs were justified as necessary to prime the pump. In 2020, even California ended its HB 79-type programs because their time had passed and their high costs could not be justified. The Ohio PUCO recently ended Columbia Gas of Ohio's proposed extension of its utility run EE program except for its low-income programs. That was the right choice for customers.

AEP, Duke and FirstEnergy have stated that soon many customers will face up to a 50% increase in their electric bills because of market conditions. HB 79 will increase this pain of out-of-control inflation.

At the same time, the federal government just created massive new federally funded energy efficiency programs. Ohio is allocated \$250 million for a residential home rebates program that goes into effect in October. Ohio farms and rural businesses are allocated \$1 billion. These are truly voluntary programs for businesses, governments, institutions, industry and the disadvantaged. A huge array of new tax rebates and tax credits are already in effect. Love them or hate them, every penny goes into the customers' pockets and they enjoy the benefits of the programs. Ohio should find every way to maximize these programs and prudently analyze their impact regarding energy efficiency first, before creating costly utility run programs.