

Northwest Ohio Aggregation Coalition



Cities

Maumee

Northwood

Oregon

Perrysburg

Rossford

Sylvania

Toledo

Waterville

Villages

Delta

Holland

Ottawa Hills

Walbridge

Townships

Lake

Perrysburg

Counties

Lucas

CUSTOMER FACT SHEET

New Federal Energy Efficiency (EE) Programs Will Put Money In Your Pocket!

OPPOSE HB 79: THE BIG OHIO UTILITY TAX BILL OF 2023!

The Good News: Federal Energy Efficiency Programs

Last year, the federal Inflation Reduction Act (IRA) created new residential, farm and small business energy efficiency (EE) programs as part of the largest EE incentives in United States history. These EE programs are federally funded, so when you invest in more efficient equipment or upgrades, the money from the rebate or tax credit goes right into your pocket and you keep every penny that you save in your electric bill.

It is not just good news, but also BIG NEWS. Ohio was allocated \$250 million for a generous direct-to-household rebate program that begins in October. Ohio farms and rural businesses can already apply for the first round of the \$1-billion program designed for them. Money is added to low-income home weatherization and new block grants. There are programs for small businesses, schools and institutions, and our industrial employers. Best of all our electric bills will go down.

The Bad News: The Big Ohio Utility Tax of 2023

Recently introduced HB 79 is the opposite of the federal program. HB 79 forces residential, small businesses and farms into a **customer paid** energy efficiency program run by their electric company. The customer pays for the program, but the utility company gets the rewards.

Customers will pay for each “FirstEnergy Rebate” and pay for all the program cost. These are spread into customers’ monthly bills. NOAC calculated Ohio’s households will pay **\$90 each** over a 5-year for just the program costs—even if a customer never buys a product or service from the program. Statewide this equals a staggering **\$360 million for 4 million customers**.

HB 79 then forces customers to pay BIG TAXES. “Incentives” imposes a 10% “commission” for FirstEnergy and Ohio’s other utilities. “Lost distribution revenue” or LDR is a far bigger levy. LDR takes away much of your expected energy savings.

When you buy an energy efficient product that states it will reduce your electric bill by \$40 per year, you naturally expect to keep these energy savings. But if you use a “FirstEnergy Rebate,” then much of your energy savings are relabeled to become FirstEnergy’s “lost distribution revenue.” FirstEnergy charges customers for its LDR. It is a scheme that diverts your energy savings straight into FirstEnergy’s profit. FirstEnergy can charge up to five years’ worth of LDR. Consider that the \$40 dollars a year in LDR becomes \$200 over five years or that \$200 becomes \$1,000. A million becomes five million.

The bill proponents hide what all this will cost. History shows that just a few years ago the legislature cancelled these programs because of oppressively high costs. **Our electric bills will go up to pay the \$360 million in program costs plus the BIG TAXES.** Under HB 79 customers must pay for the rebates and their energy savings are stripped away. It is a crummy deal.

A Comparison: The Federal EE Program versus HB 79

The chart below compares how the federal program will put money into our pockets, but that under HB 79 it is the electric company who benefits. A chart for farmers and small businesses would show the same thing. The second chart below shows the many thousands of dollars available to each household under the federal rebates and tax credits. Finally, the last sheet gives some information about NOAC and links to helpful materials on the federal programs.

We Need Your Help:

The Ohio Consumers Counsel and NOAC opposed this bill last year. Soon after, the new free federal EE programs became law. We hoped that this would stop the corporate money grab. But, once again Ohio’s electric utilities are “helping us” by taking more from us. We ask that you reach out to your State Representative and Senator. Please, ask them to stand with customers and **vote no** on HB 79.

Comparison of Federally Funded EE Programs to HB 79

	Federally Funded Residential Programs	HB 79 “The Big Utility Tax Act of 2023”
Year 1 Cost to Residential Customers	\$0	\$72 Million + Big Taxes
Cost Over 5 Years To Residential Customers	\$0	\$350 Million + Big Taxes
Is the program voluntary?	Yes.	You get two mailers to “opt out,” and then you are STUCK FOR FIVE YEARS. Everyone—even customers that opted out—pay the lost distribution revenue tax.
Who Pays for Your Rebate or Tax Deduction?	The federal government.	<u>Customers pay every penny.</u>
Where Do the Savings from the EE Appliance or Home Upgrade Go?	You put the money in your pocket!	<u>Customer bills go up.</u>

Federally Funded Home Rebate Program Amounts

(Effective October 2023)

Type of Home Energy Project	Maximum Allowed Rebate Amount Per Household Below 80% Area Median Income (AMI)	Maximum Allowed Rebate Amount Per Household Above 80% Area Median Income (AMI)
Home Efficiency Project with at least 20% predicted energy savings	80% of project costs up to \$4,000	50% of project costs up to \$2,000 (maximum of \$200k for a multifamily building)
Home Efficiency Project with at least 35% predicted energy savings	80% of project costs up to \$8,000	50% of project costs up to \$4,000 (maximum of \$400k for a multifamily building)
Home Electrification Project Qualified Technologies (only households with an income below 150% AMI are eligible)	100% of project costs up to technology cost maximums*; up to \$14,000	50% of project costs up to technology cost maximums*; up to \$14,000 (households with incomes above 150% AMI are not eligible)

<u>NEW RESIDENTIAL EE TAX CREDITS</u> (In Effect Now)
30% credit on eligible appliances and home upgrades \$1,200 yearly credit with carry over Up to an additional \$2000 on certain equipment like a qualified heat pump

In the federally funded programs, you keep the rebate. You keep the tax credit. You enjoy all the savings! See the links below for more information.

Stop HB 79!

Some Information About NOAC

The Northwest Ohio Aggregation Coalition (NOAC) and its 15 member communities negotiate the terms and pricing for the electricity used by over 125,000 households, small businesses, and family farms. We represent customers.

Our communities are strongly committed to energy efficiency. Because we have implemented many EE programs, we know a good program from a bad one.

Where Can I Get More Information on Federally Funded Programs?

Department of Energy, "Home Energy Rebate Programs Frequently Asked Questions"

<https://www.energy.gov/scep/home-energy-rebate-programs-frequently-asked-questions#:~:text=Home%20Energy%20Rebate%20Programs%20Frequently%20Asked%20Questions%201,home%20energy%20rebate%20funds%20currently%20available%3F%20More%20items>

Internal Revenue Service, Fact Sheet Frequently Asked Questions About Energy Efficient Home Improvements and Residential Clean Energy Property Credits

<https://www.irs.gov/pub/taxpros/fs-2022-40.pdf>

If you are interested in all of the EE programs for residential, commercial, industrial, farms, institutions, local and state governments, and others. see the *White House Inflation Reduction Guidebook* at

<https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>