



OEC [Action Fund]

Proponent Testimony
Ohio House Bill 79 (Sweeney/Seitz)
Ohio House Public Utilities Committee
April 26th, 2023

Chair Stein, Vice Chair Blasdel, Ranking Member Weinstein, and members of the House Public Utilities Committee, I am Nolan Rutschilling, Managing Director of Energy Policy for the Ohio Environmental Council Action Fund. Our organization works to secure healthy air, land and water for all who call Ohio home. Thank you for allowing me to provide proponent testimony on Ohio House Bill 79 (HB 79).

This bill represents a rare bipartisan effort that has support from environmental groups, utilities, and consumer advocates. This legislation is the first step towards an Ohio with cleaner air, a resilient grid, and a modern, dynamic workforce in the clean energy sector. This bill brings many benefits to Ohioans, but I plan to discuss two main components: 1) How energy waste reduction (or energy efficiency) supports grid reliability and 2) How utility run programs complement federal funding and incentives on energy waste reduction.

Energy Waste Reduction Makes the Grid More Reliable

Energy waste reduction (EWR) provides important grid reliability and resilience benefits to all Ohio electric customers. Multiple reports, committee discussions, and plans have focused on ensuring we have a more reliable grid, but often energy waste reduction is not part of the conversation. While grid upgrades, vegetation management plans, and ensuring reliable baseload power all are important to grid resilience, simply put—the best, most cost effective way to prevent outages is by reducing demand. In a 2022 report on grid reliability from the Lawrence Berkeley National Laboratory, researchers conclude “Energy efficiency contributes to meeting reliability needs at least cost and risk.”¹

Energy waste reduction’s resiliency benefits are particularly significant during times of high strain such as extreme heat, cold, or during extreme weather occurrences. Reduced demand on the distribution system means fewer outages and less adverse impacts on homes and businesses. A 2015 report by the American Council for an Energy-Efficient Economy states simply: “demand growth and reserve margin levels are the primary factors influencing

¹ *Quantifying Grid Reliability and Resilience Impacts of Energy Efficiency*. US Department of Energy, p. 4 https://eta-publications.lbl.gov/sites/default/files/carvallo_aceee_2022_preprint_0.pdf.

reliability”². While all energy waste reduction efforts help with grid reliability, utility run programs accomplish the scale needed to meaningfully reduce demand and lessen impact on the grid.

As recently as in the PUCO hearing³ following the June 2022 summer extreme weather event, resulting in 250,000 customer outages, PJM Senior Vice President of Operations Michael Bryson stated PJM’s demand response programs reduced the number of forced outages required. (page 16). AEP President and Chief Operating Officer Marc Reitter also acknowledged that encouraging energy demand reduction ahead of a severe weather event is standard practice for outage prevention. (page 63). EWR programs will ensure that, in times of extreme weather, the current electrical system is better equipped to withstand increased demand, keeping the lights (and heat or A/C) on for the most vulnerable members of our communities.

HB 79 Complements Federal Programs

This bill would complement the energy waste reduction rebates available in the Inflation Reduction Act (IRA) and allow Ohioans to better take advantage of that funding. The programs created under HB 79 do not conflict or reduce the effectiveness of federal programs, but rather create accessible, easy entryways into energy waste reduction that could empower customers to pursue larger projects through federal funding.

All utility-run EWR proposals will be subject to robust discovery and review before approval. This process allows the Commission and intervening parties to ensure these proposals do not duplicate federal programs. Federal programs, such as those in the IRA, have considerations for income, home ownership, tax credits, etc. The homeowner must pursue projects, plan them, and manage them, or hire a contractor to do so. **Utility run programs are easily accessible and navigable to consumers, establishing a “low hanging fruit” that is necessary to create long term buy-in for EWR.**

Without utility run programs, only the most knowledgeable and experienced homeowners will enjoy the household benefits of efficiency. With the programs created through HB 79, homeowners can build off IRA programs and utility programs to maximize benefits and make their electrification dollars go further.

The Inflation Reduction Act creates three main programs focused on energy waste reduction, and only one (30% tax credit) is currently available. The below table articulates federal programs, highlighting availability, income requirements, and procedural steps to receive funding.

² David Ribeiro et al, Enhancing Community Resilience through Energy Efficiency, ACEEE, P. 15 (2015) <https://www.aceee.org/sites/default/files/publications/researchreports/u1508.pdf>

³ Public Utilities Commission of Ohio, In the Matter of the PowerOutages that Occurred June 14-16, 2022, as Explained by AEP Ohio and PJM Interconnection, LLC (July 13, 2022) <https://puco.ohio.gov/static/empliibrary/files/Power+outage+review/July+13th+2022+AEP+Ohio+and+PJM+Interconnection+power+outage+review+minutes.pdf>.

Federal Incentive	Timeline and Details
IRA Section 50121: Home Energy Performance-Based, Whole-House Rebates	<ul style="list-style-type: none"> ● NOT available yet, the DOE just sent out funding guidance for states wishing to apply for funding to help with <i>planning</i> the programs. ● Income restricted: Amount of rebate determined by income (on avg, 80% for low-income and 50% for others).
IRA Sec 50122: High-efficiency electric home rebate program (Home electrification and appliance rebate program)	<ul style="list-style-type: none"> ● NOT available yet. No current DOE guidance documents available. ● Amount of rebate determined by income - cut off at 150% of average median household income. ● Cannot be combined with Section 50121(d) rebates.
IRA Section 13301: Tax credits	<ul style="list-style-type: none"> ● 30% credit <ul style="list-style-type: none"> ○ \$1,200 yearly credit with carry over, plus up to an additional 2,000 on certain equipment like a qualified heat pump. ○ Includes income restrictions.

Utility-run energy waste reduction programs will allow Ohioans to start reaping benefits immediately. Many of the federal rebate programs will still take time for the federal government to develop and implement, but utilities (with PUCO oversight) have the experience and capacity to implement EE programs right now.

Utility-run energy waste reduction programs will also help prepare the labor market for the implementation of IRA and IIJA rebates. Ohio’s workforce will require additional capacity and training so consumers can fully take advantage of the efficiency programs supported in the IRA. Utility run programs will help create a pipeline for workforce development that will ensure Ohioans are able to take advantage of the growing market created in part by federal incentives. Utility run programs increase Ohio workers’ abilities to meet the market’s needs because they will grow the overall market for efficient technologies supported in the IRA.

OEC Action Fund supports passage of HB 79. Thank you for allowing me to testify in support of House Bill 79 today. The OEC Action Fund sees this bill as critically necessary, putting us on a path to greater energy waste reduction and the many benefits it brings for Ohioans. We hope that the success of these programs will be a building block upon which Ohio can expand these critical energy waste reduction measures and reduce Ohioans’ bills and our energy consumption even further.