Proponent Testimony by Tom Bullock on House Bill 79
Executive Director, Citizens Utility Board of Ohio
House Public Utilities Committee
June 21, 2023

Chairman Stein, Vice Chair Robb Blasdel, Ranking Member Weinstein and members of the committee, my name is Tom Bullock, and I am executive director of the Citizens Utility Board of Ohio (CUB Ohio). Thank you for your work on this proposal and for the opportunity to testify. CUB Ohio is a non-partisan, non-profit consumer advocate working on behalf of residential and small business utility customers with members across the state in all utility service territories. We work for cheaper bills, reliable service, transparency, consumer rights, an energy system that delivers power equitably to all Ohioans and that reduces emissions by leveraging new technology as well as new and old energy sources.

HB 79 would improve Ohio's current energy system by creating a means, currently lacking, for electric utility consumers receive a monthly savings via energy waste reduction through voluntary programs proposed by electric distribution utilities (EDUs) and reviewed by the Public Utilities Commission of Ohio (PUCO).

Just as a penny saved is a penny earned, a kilowatt-hour saved is a kilowatt-hour delivered. It is the business of utilities to deliver reliable power to consumers, and they do so using electricity generated from a variety of different sources. Ohio consumers pay the generator a price for the power produced and they also pay the distribution utility a fee for delivering the power over the grid—on time and reliably. Energy waste reduction is simply a different form of power that utilities deliver, and, in fact create plans in a dozen Midwestern states to incorporate into their forecasts for power demand, capacity, and ability to reliably deliver[1].

The financial structure proposed in HB 79 for energy waste reduction kilowatt-hours is analogous to that for power generated from a fuel source: a fee for the power created via savings as well as a fee to the distribution utility for arranging these savings. The net cost to consumers is advantageous because energy waste reduction—the kilowatt-hour saved—has a strong advantage over all other forms of power: as Leader Seitz stated in sponsor testimony, this is "the cheapest form of energy that exists: the energy that isn't used by reason of conservation and efficiency."[2] That means the more we can use energy waste reduction, the more consumers save.

So let's do it. Let's deliver the maximum possible savings to Ohio consumers. To do this at scale requires utility-run programs, an important tool—arguably the only practical way—to overcome market barriers. In our view, Ohio's energy system has already stuck consumers with avoidable inflation thanks to the Ukraine war since we have failed to sufficiently diversify the fuel mix in our power system. Implementing the programs proposed in HB 79 is an important start. We are confident in saying so thanks to the quality controls incorporated in the legislation.

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[1] "Integrated Resource Plans Criteria for an Effective Planning Tool" by the Midwest Energy Efficiency Alliance, https://www.energy.gov/scep/slsc/articles/integrated-resource-plans-criteria-effective-planning-tool

[2] Leader Seitz made another important statement in a March 23, 2023 op ed in the Cleveland Plain Dealer: "The repeal of the 2008 energy efficiency programs was not a vote against the goal of encouraging customers to become more energy efficient in their homes and businesses; most all of us support that as a goal. Rather, it was an attempt to clear the field of the old program with the anticipation that either the legislature or the PUCO would implement new and improved energy efficiency programs."

Without the programs proposed in HB 79, consumers will continue to pay unnecessarily higher costs:

- For every $1 invested in energy waste reduction, more than $2 is saved on customers' electric bills. (2020 data filed with PUCO shows savings greater than $3 in FirstEnergy and $4 in Duke territory. A 2021 analysis by Ceres projects saving savings of greater than $3 statewide.)
- Since the ending of Ohio's previous energy waste reduction programs, customers have been deprived of a projected $890 million dollars of energy efficiency savings.
- There is no regulatory relief in sight since PUCO has declined to approve any energy waste reduction programs since 2019, despite multiple proposals by utilities to implement them.

Note that Ohio is not alone in seeking to achieve energy waste reduction savings. Two peer Midwestern states offer an example of voluntary programs such as those proposed by HB 79. According to the Midwest Energy Efficiency Alliance, Indiana and Missouri are most comparable, both with frameworks that allow for utilities to propose energy waste reduction programs but do not have any specific targets. Other voluntary states in the Midwest with modest levels of energy waste reduction include Kentucky, Kansas, and South Dakota. And as I testified at a previous hearing, experience by Citizens Utility Boards in other states shows the value and effectiveness of utility-run energy waste reduction programs:

- In Illinois, GWh saved through energy efficiency jumped twenty-fold;
- In Wisconsin, a long-running energy efficiency program that is funded by utility customers at 1.2% of utility revenues has been achieving customer savings successfully for 20 years, winning praise by outside evaluators for its work, including the Lawrence Berkeley National Lab as the most cost-effective such program in the country several years ago.
- In Michigan, programs are successful, with the Michigan PSC publishing annual reports on energy waste reduction programs, including a summary of program benefits. For example, from 2019: "For every dollar spent on EWR programs in 2019, customers should realize benefits of $3.30. Data provided to the Commission in EWR provider annual reports indicated that EWR resources were obtained at a cost of $16.61/MWh, which is significantly less expensive than supply side options such as new natural gas combined cycle generation of around $42.80/MWh."

Thank you for the opportunity to provide proponent testimony. I am happy to answer questions.