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## MEMO

**To: Public Utilities Commission of Ohio Staff**  
**From: The Ohio Environmental Council**  
**Re: Key Issues as Part of ORC 4928.64 and 4928.66 Rule Review**

### **Issue One: Combined Heat and Power and Waste Energy Recovery as Qualifying Resources**

*Please See the OEC/NRDC Whitepaper on this issue which describes in detail our proposal for counting these savings.*

### **Issue Two: Allocation of Energy Efficiency Costs by Customer Class**

Riders that pay for energy efficiency programming for all customers appear on all bills. Design of these riders, particularly for larger customers - has been wanting with regard to at least two utilities; FirstEnergy and Duke Energy. In both these service territories the largest customers in the state are paying substantially higher percentages of their bills towards programs than customers of a smaller size pay. Additionally, at least one utility - FirstEnergy, offers few effective program options for this customer class. This leaves these customers with essentially one option in the drive to deploy energy efficiency programming: opt-out. Accordingly, we urge the PUCO to address both these issues through rulemaking: customer class cost allocation and sufficient quality programming availability for each customer class.

For customer class allocation we propose the following:

- 1) A requirement as part of a utility plan filing that the monthly bill impact of energy efficiency riders for an average customer of each rate class be included in any initial plan filing.
- 2) That utilities be prohibited from allocating energy efficiency charges for its largest customer class based on volume of sales.
- 3) A clearer requirement that each plan contains adequate programming options for each class of customer.
- 4) A requirement that cost allocation issues and rates be set in portfolio planning cases, where they are more appropriately examined - instead of other rate cases, like electric security plans.

### **Issue Three: Program Availability and Quality by Customer Class**

Program availability is a challenge tied to program cost allocation. As has been repeatedly demonstrated in numerous cases at the Commission, energy efficiency programming provides cost-saving benefits to all customers, including those that do not participate in programs. That noted, all customers should have the opportunity to further lower individual costs through participation in programs. Accordingly, we recommend that energy efficiency planning cases require a much clearer demonstration by utilities that customers of all

classes have sufficient quality program options to most effectively pursue energy efficiency savings opportunities.

#### **Issue Four: Excessive Program Costs and Third Party Administration**

At least one utility in Ohio has expressed a clear lack of desire to administer energy efficiency programs. It is important that providers of energy efficiency actually desire to deploy programs; this makes it more likely that the programs will be effective, customer friendly tools for savings. Similarly, utilities vary dramatically in the costs of their programs - right now AEP is achieving new energy efficiency savings at less than half of the cost of FirstEnergy. Accordingly, we recommend the PUCO explore the following options:

- 1) Allow utilities to voluntarily escape responsibility for energy efficiency programming; should a utility chose to do so, its next 3 year energy efficiency plan would be put to bid by the PUCO - the vendor or vendors of programs to be selected on price and customer benefit criteria. Vendors would then be responsible for achievement of annual benchmarks in the service territory.
- 2) As part of a utility plan filing, the PUCO should review the overall cost of energy saved for the utility and compare it with that of other utilities in the state.

#### **Issue Five: Long-Term Efficiency Planning for Sophisticated Customers**

Right now, large customers can receive a periodic opt-out of energy efficiency charges upon the successful filing of a mercantile application, or as part of the pilot program. However, this periodic filing does not lend itself to the kind of long-term energy efficiency investment and planning that would most benefit customers and utilities alike. Accordingly, we urge the PUCO to craft rules for long-term energy efficiency planning and opt-out for more sophisticated customers. These plans should include the following elements/requirements.

- 1) Plans should be permitted to extend through 2025; should parties so chose.
- 2) Plans should include periodic submission to the Commission, utilities, and third party monitoring and verification agents to-be-adopted energy saving measures.
- 3) Plans should be allowed to include a banking option.
- 4) Opt-out participants should be expected to achieve overall cumulative benchmarks for the term of the plan.
- 5) Utilities should compensate customers for savings achieved in excess of cumulative benchmarks as part of a long-term plan.

#### **Issue Six: Bidding Energy Efficiency Resources into the PJM Capacity Market**

The power of energy efficiency to lower overall market prices has been amply demonstrated at the Commission. It is perhaps the single most significant benefit to customers of energy efficiency program deployment in Ohio. To make this bidding easier to manage for utilities and customers, we urge the PUCO to take action in the upcoming rulemaking on the following concepts:

- 1) Utilities should bid-in %100 of projected qualifying savings for each bidding period.
- 2) Customers should hold utilities harmless for failure to deliver all available savings to PJM.
- 3) All customers participating in any utility efficiency program should be required to relinquish the rights to bid those energy efficiency savings into the PJM marketplace; should

the customer wish to retain these rights it should deploy energy efficiency measures without utility support.

**Issue Seven: As-Found Savings**

*We endorse the As-Found saving suggestions of the Environmental Law and Policy Center.*

**Issue Eight: Standard Reporting**

Right now, reporting of program costs, savings, and other key data points associated with Ohio's energy efficiency and renewable energy benchmarks is not made in a uniform manner - which makes it difficult to compare performance and improve programs and operations for individual utilities as part of the collaborative process. Accordingly, we urge the PUCO to adopt clear, standardized reporting requirements for all utilities.