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Public Service Commission of Ohio
180 E Broad St.
Columbus, OH 43215

May 23, 2022

Re: MEEA Closing Comments on PUCO Energy Efficiency Workshops

We would like to thank the Commission again for hosting the energy efficiency workshops. It was our pleasure to participate. It is our hope that the testimony you heard has demonstrated the value of electric energy efficiency, increased understanding of the economic, societal and environmental impacts of cost-effective energy efficiency for Ohioans and convinced you of the pressing need for electric energy efficiency for all ratepayers.

The workshop participants were not unanimous in supporting energy efficiency as some continue to oppose utility customer-funded energy efficiency programs. However, the majority of the evidence presented both in writing and in person at the workshops was in favor. There is a need for electric energy efficiency in Ohio and the urgency is real. Only utilities have the size, funding and customer base to meet that demand. The market alone cannot provide efficiency at the scale needed by the electric system.

As with natural gas, the Commission retains the authority for approval of voluntary programs for electric utilities. Workshop speakers were in majority agreement on this fact. As speakers noted, it was the clear, stated intent of the sponsors of H.B. 6 that the end of the mandate would not mean the end of electric efficiency. Voluntary efficiency programs were allowed before the adoption of the EERS and should be allowed again after its repeal. The ability of utilities to continue to run cost-effective energy efficiency programs is essential.

Utilities have many reasons to provide energy efficiency without a legislative mandate. Energy efficiency can:

- Provide a least-cost resource for resource and distribution planning
- Reduce and balance system loads
- Displace or defer more expensive customer-funded investments in generation and infrastructure
- Reduce utility risk and increase reliability and resiliency of the system¹
- Serve a vital part of the path to deep decarbonization and transformation of the nation's energy system²
- Provide the utility a positive touchpoint as part of customer engagement strategy.³

Customers who take part in utility energy efficiency programs see bill savings and improvements to their homes and businesses. Their communities get direct economic benefits of the spending from those bill savings and the growth of energy efficiency jobs. Society benefits from decreased

¹ NESP. 2020. *National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources*. <https://www.nationalenergyscreeningproject.org/national-standard-practice-manual/>

² Brown, M.A., Li, Y. 2019. Carbon pricing and energy efficiency: pathways to deep decarbonization of the US electric sector. *Energy Efficiency* 12, 463–481. <https://doi.org/10.1007/s12053-018-9686-9>

³ Orfandes, L, Dethman, L and Lalos, J. 2016. Charting the Future: How to Use Customer Engagement Strategies to Ensure Energy Savings and Persistence. 2016 ACEEE Summer Study on Energy Efficiency in Buildings. https://www.aceee.org/files/proceedings/2016/data/papers/6_869.pdf



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air emissions of carbon dioxide and criteria pollutants. Increasing low-income energy efficiency opportunities benefits vulnerable customers directly through bill savings and avoiding shut-offs and society through environmental justice and community stability.⁴

It is often overlooked and misunderstood by opponents that the real benefits that energy efficiency provide are available even to customers who do not take part in programs. The avoided cost of generation and distribution results in savings for all customers. MEEA commissioned research in 2021 that demonstrates these benefits for Ohio's non-participating customers. Of the \$960M in total resource cost benefits lost to Ohio from the repeal of energy efficiency, about a third, \$290M, was lost to non-participants.⁵

Those lost benefits are a conservative estimate of the reduced revenue requirement caused by reduced capital investments. There are even more non-participant benefits that our study did not measure:

- Market effects of reduced demand on the wholesale price of energy result in savings for all customers⁶
- Reduced carrying costs of arrearages and shut-offs benefit all customers.⁷

These impacts are quantifiable and monetizable.⁸ While non-participants do not gain as many benefits as participants, their savings are real and significant. Increasing focus on and funding for EE can help the utility convert these customers to participants, further increasing their benefits.

The Commission has the authority to approve utility plans that would restore part of what has already been lost by several years of inaction. When the Ohio Legislature enacts new energy efficiency legislation, MEEA looks forward to participating rulemaking and other stakeholder processes necessary to implement that legislation. But the Commission ought not allow possible future legislative changes to prevent the approval of modest, short-term energy efficiency plans from the state's electric utilities under existing authority. Ohio's residents, businesses, institutions and industry need the multiple benefits that energy efficiency provides.

⁴ NESP. 2020.

⁵ Takahashi, et. al. 2021. *Missed Opportunities: The Impacts of Recent Policies on Energy Efficiency Programs in Midwestern States*. https://www.mwalliance.org/sites/default/files/meea-research/missed_opportunities_-_midwest_ee_policy_impacts.pdf

⁶ SEEAAction. 2015. *State Approaches to Demand Reduction Induced Price Effects: Examining How Energy Efficiency Can Lower Prices for All*. DOE/EE-1307. <https://www.energy.gov/sites/default/files/2021-07/SEEAAction-DRIFE.pdf>

⁷ NESP. 2020.

⁸ NESP. 2022. *Methods, Tools and Resources: A Handbook for Quantifying Distributed Energy Resource Impacts for Benefit-Cost Analysis*. <https://www.nationalenergyscreeningproject.org/resources/quantifying-impacts/>