



November 21, 2016

Energy Reform Discussion Heats Up

The legislature returned to work last week, with each chamber continuing its discussions on a top priority for the Ohio Chamber: reforms to the state's energy mandates. With the expected final date for legislative activity set for Thursday, December 8, members in both chambers worked to prepare their versions for discussion.

Legislation enacted in 2014 paused any escalation in Ohio's energy efficiency and renewable energy mandates for two years. Studies conducted in the context of that debate showed that Ohio energy users had paid nearly a billion dollars to comply with the mandates – with that figure forecasted to rise to nearly \$500 million per year by 2020 to fund efficiency programs alone. With the two-year freeze set to expire on January 1, 2017, permanent reform in this area is critical as affordable electricity is vital to the economic competitiveness of Ohio businesses.

In the Senate, the Energy and Natural Resources Committee held a hearing on Senate Bill 320. The Ohio Chamber provided [testimony](#) that highlighted our support for two key areas in this debate. First, the bill would expand the ability of mercantile customers to opt-out of the energy efficiency mandates. Many Ohio businesses have already invested heavily in energy efficiency upgrades to remain competitive and providing them with an opt-out is the best way to continue to encourage energy saving measures.

Second, SB 320 would expand the kind of activities that count for compliance with the energy efficiency mandates. The goal of the mandate is to reduce consumption, so the law should recognize all activities that are taken to reduce energy usage. Counting more energy reduction efforts also makes the mandates less costly for businesses.

In the other chamber, the House Public Utilities Committee adopted a substitute to House Bill 554, a piece of legislation that was introduced earlier in the year to start a conversation about the topic. The version accepted by the committee Thursday includes several items also contained in SB 320, including the streamlined opt-out for mercantile customers. Notably absent from the House version are any reforms that expand what activities count towards compliance.

Both pieces of legislation would convert the energy mandates into goals until 2020, at which point the benchmarks would resume as mandatory targets. Both also include language to reduce the cumulative energy efficiency savings required of Ohio's customers from 22 percent by 2027 to 17 percent.

Hearings are expected to continue on both bills after the Thanksgiving holiday. The Ohio Chamber will continue to provide input as appropriate and encourage legislators to enact a permanent fix to the state's energy mandates before the end of the year.

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