



Before the Senate Energy and Natural Resources Committee
Proponent Testimony on Substitute HB 114
June 6, 2018

Chairman Balderson, Ranking Member O'Brien and members of the Senate Energy and Natural Resources Committee, my name is Zachary Frymier and I am the Director of Energy and Environmental Policy for the Ohio Chamber of Commerce. I am here today to testify in support of Substitute HB 114's (Sub. HB 114) provisions to reform Ohio's energy efficiency programs and wind setback rules.

The Ohio Chamber is the state's leading business advocate and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

First, I would like to recognize the compromise nature of this legislation. The Ohio Chamber appreciates the opportunities provided to the parties in this discussion to weigh in and have our concerns heard. This bill is broad and encompasses many areas of Ohio's energy policy. After review by the Ohio Chamber's energy and environment committee, we believe that Sub. HB 114 accomplishes much-needed reform to Ohio's energy efficiency mandates and wind setback rules.

Customers of Ohio's electric distribution utilities have paid more than \$1 billion to comply with energy efficiency mandates enacted by the state a decade ago. The Ohio Chamber has long been concerned with the cost of these mandates as our forecasts showed that spending on the energy efficiency requirements could rise to \$500 million per year by 2020. We have asked the legislature since at least 2013 to act.

Meanwhile, the multi-year portfolio plans the utilities file with the PUCO to outline their compliance programs speak to what the Ohio Chamber has warned for years: the cost to reduce the same amount of electricity is increasing. Efficiency programs targeted to business customers provide tangible benefits. However, having third parties, rather than Ohio businesses, directing energy efficiency spending increases costs and makes complying with the mandates harder to achieve.

Sub. HB 114 would enhance the ability of customers to take advantage of the streamlined process created in SB 310 to allow for opting out of a utility's energy efficiency portfolio plan. The streamlined opt out was made available to energy-intensive customers because these users already invested heavily in energy efficiency upgrades, largely due to marketplace demands. Under Sub. HB 114, this option would expand to mercantile users, customers defined in law as

a commercial or industrial electric customer that consumes more than 700,000 kilowatt hours per year or is part of a national account.

We strongly support this provision as it allows a larger pool of businesses to take control of their energy efficiency spending and strengthens the ability of employers to respond to marketplace demands in reducing energy consumption. Energy efficiency helps businesses compete best when free enterprise drives investment decisions rather than government mandates.

Our previous testimony to this committee highlighted our support of a provision in the House-passed version that would ensure that policies, practices and programs designed and implemented with energy efficiency in mind count towards compliance with the mandates. We are disappointed to see that this provision was removed as we believe it provides needed clarity for businesses seeking credit from the Public Utilities Commission of Ohio for energy efficiency projects they undertake. However, its absence is not a reason to delay reform any longer. We also recognize that there are several outstanding issues with the impact of energy efficiency programs on utility revenues but urge a solution that allows the bill to move forward.

The second item in Sub. HB 114 supported by the Ohio Chamber is the reasonable adjustment of Ohio's minimum setback for wind turbines. Changes made in 2014 to Ohio's wind turbine setback halted development and created uncertainty for businesses looking to invest in Ohio. We have watched the challenge the current law poses to any additional development of wind generation in the state and are concerned with the permanent loss of the multibillion dollar economic development potential these projects have for Ohio and its communities.

We believe that less restrictive wind setbacks would benefit the many Ohio businesses that manufacture and service wind turbines and their components. It is important to remember, as many others have pointed out, that Ohio has the largest supply chain presence in the United States for wind turbine parts. The investment wind developers are looking to make in Ohio would flow not only to local communities but also to factories and workers throughout the state.

The Ohio Chamber is testifying as a proponent not because this legislation is perfect, but because it is necessary. The consequences of failing to address the energy efficiency mandates will only increase in severity as the annual reductions required of the utilities, and ultimately their customers, double after 2020. Wind developers will start questioning, even more so than now, whether Ohio is the right place to invest their capital. Sub. HB 114 bill would, after years of debate, finally bring reform. The Ohio Chamber urges you to pass it.

Thank you.