



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

**Testimony on Behalf of the Midwest Energy Efficiency Alliance
Ohio Senate Energy and Public Utilities Committee
November 30, 2020**

Dear Chairman Wilson, Vice Chairman McColley, Ranking Member Williams and Members of the Ohio Senate Energy and Public Utilities Committee:

The Midwest Energy Efficiency Alliance (MEEA) is submitting interested party testimony related to the hearing on the proposed repeal of HB 6.

MEEA is a regional non-profit membership organization which serves as the Midwest's key proponent and resource for energy efficiency. MEEA covers 13 states in the Midwest, including Ohio, where 80 of our 160+ members have employees and provide services. Our members include investor-owned, cooperative and municipal utilities; energy efficiency service and technology providers; manufacturers; state and local government representatives; and, academic, advocacy and research organizations. MEEA serves as a nonpartisan resource to policymakers and does not lobby or intervene in regulatory proceedings. As the trusted source on energy efficiency in the Midwest, MEEA educates and advises a diverse set of stakeholders on new and meaningful ways to pursue an energy efficient agenda that's both achievable and cost-effective.

Executive Summary

Prior to HB6 (2019), Ohio's energy system benefited greatly from an Energy Efficiency Resource Standard (EERS), which brought bill savings, customer and utility resiliency, increased business competitiveness and sweeping economic benefits. With current debate as to whether HB6 should be repealed, MEEA wants to educate the Committee members on energy efficiency's positive impact for Ohioans over the past decade and provide an estimate of future economic benefits that will be lost. It is also important to note, that energy efficiency was required by the Public Utilities Commission of Ohio to be cost-effective – meaning all the benefits must create a net positive benefit after costs. Considering energy efficiency required cost-effectiveness and the proven role as a local job generator, MEEA believes energy efficiency is an essential tool for Ohio's economic recovery and the utilities in providing reliable energy right-sized to demand.

Energy efficiency programs provide immense value to Ohio residents and businesses. From 2009 to 2019, our analysis estimates that Ohio's electricity customers have cumulatively saved \$7.06 billion that would have otherwise been spent on their electric bills. A second MEEA analysis leverages data from AEP Ohio's 2020 voluntary energy efficiency proposal to demonstrate that even relatively low levels of energy efficiency (i.e. 0.6% as AEP proposed), achieved statewide, could provide almost \$170 million in annual net value for the utility system in Ohio in 2021, reaching \$240 million if non-energy benefits are included.

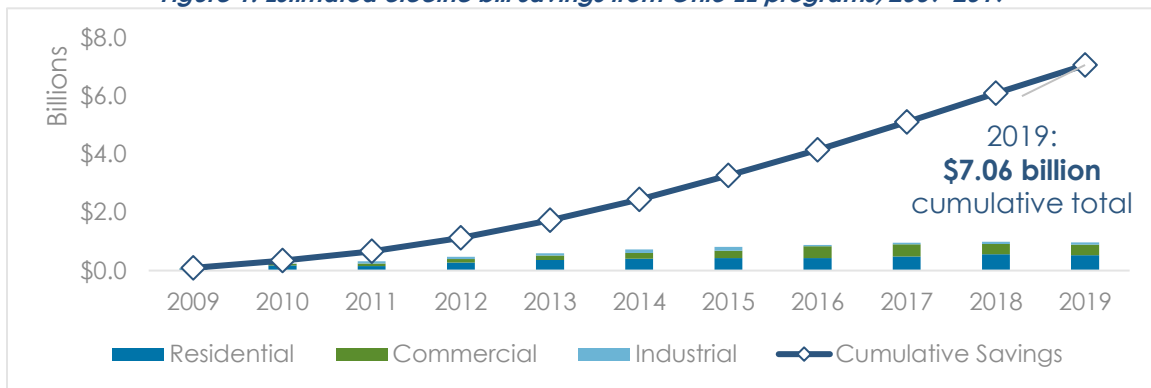
The benefits of energy efficiency clearly exceed the cost that customers pay and net benefits notably increase at even higher levels of energy efficiency that cost more to

obtain. The energy efficiency industry is also a significant economic driver in Ohio. The clean energy industry employed 114,000 workers as of 2019. Of that, 83,165 (73%) are involved in the energy efficiency sector. These are good, lasting, local jobs. Policy that protects and promotes energy efficiency investment not only enables long-term energy savings for everyday Ohioans but also contributes to economic recovery efforts in the wake of the COVID-19 crisis.

A Strong Return on Investment

Ohio's electricity customers have cumulatively saved over \$7 billion (Figure 1) since the beginning of Ohio's energy efficiency standard. From 2009 to 2019, Ohio's energy efficiency programs have saved over 67.8 million MWh of energy over the lifetimes of the installed efficiency measures. The cumulatively saved electricity is enough to power every home statewide in Ohio for 1.2 years, or 17.5 years for Columbus, or 35 years for Cleveland.

Figure 1: Estimated electric bill savings from Ohio EE programs, 2009-2019



Benefits to Everyday Ohioans

To look at the near-term benefits from energy efficiency for Ohio's electric customers, MEEA used public data to forecast future energy efficiency scenarios and modeled the benefits that achieving those savings levels would create. The results show that even relatively low levels of energy efficiency, based on the levels AEP proposed in their 2020 voluntary EE plan, if achieved statewide could provide almost \$170 million in annual net value in 2021, reaching \$240 million if monetizable non-energy benefits are included (Figures 2 and 4). For higher levels of energy efficiency, those benefits would increase.

Figure 2: Statewide Utility System Net Benefits in Ohio from EE Scenarios in 2021

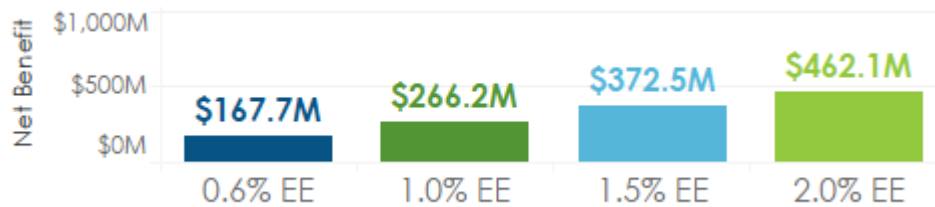
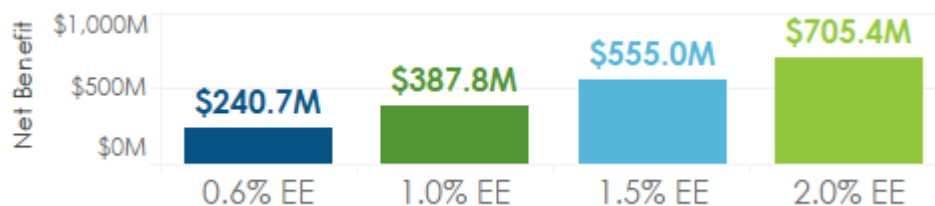


Figure 3: Statewide Utility System and Non-Energy Net Benefits in Ohio from EE Scenarios in 2021



We assumed for this analysis that the net benefits that AEP Ohio projected in its proposed voluntary energy efficiency portfolio would hold true statewide. This is a simplifying assumption, since no utility service territory is the same, but AEP's proposal provided the most accessible and useful public data to serve as a proxy value for statewide analysis. We increased the cost of additional savings as the percent of EE increased, up to 1.75% cost increase over the AEP costs for EE reaching 2.0%, but the additional benefits still outweighed the increased costs. We also used the AEP Ohio proposal as a minimum baseline (0.6%) for energy efficiency that utilities could be achieving statewide in Ohio in the near term.

Economic Impact

Ohio utilities invest approximately \$180 million in cost-effective energy efficiency programming per year. Loss of all or most of that investment will have significant impacts throughout Ohio's economy. Remember, each dollar saved by a business or resident is one that can be reinvested or spent in Ohio.

As of 2019, 83,165 people were employed in the state's energy efficiency industry, including contractors, manufacturers, service providers and others.¹ Clean energy jobs are found in every corner of Ohio. While big cities like Cleveland (22,000 jobs), Columbus (16,000), and Cincinnati (16,000) were some of the largest hubs, more than fifteen percent — or more than 17,500 jobs — were located in rural areas.² COVID-19 related program disruptions have given us a glimpse of what will come without

¹ "Clean Energy is Key for Economic Recovery in Ohio," 2020 Clean Jobs Midwest, September 14, 2020, <https://www.cleanjobsmidwest.com/state/ohio>.

² "Clean Energy is Key for Economic Recovery in Ohio."



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continued utility programs with 11,943 job losses in this industry in only a few months (April through October 2020).³ Ohio stands to lose even more local jobs without continued investment in cost-effective energy efficiency.

Conclusion

Energy efficiency is the most cost-effective way to meet Ohioans' energy needs now and in the future. It helps reduce costs for everyone—residents, small businesses, government and large commercial or industrial customers. This work also creates an immediate impact. Energy efficiency upgrades within homes decrease energy use, increase comfort, improve indoor air quality, and reduce monthly bills when people need it most. For essential businesses, manufacturers, and schools, energy efficiency investments can help reduce costs at a time when our local economies are struggling and organizational budgets are being watched closely. We hope that your Committee finds this research and analysis informative for your deliberations on the treatment of HB 6. MEEA will continue to serve as a resource for policymakers, our members and other stakeholders in Ohio and identify opportunities to advance energy efficiency in the Midwest for sustainable economic development and environmental stewardship.

These comments reflect the views of the Midwest Energy Efficiency Alliance – a Regional Energy Efficiency Organization as designated by the U.S. Department of Energy – and not the organization's members or individual entities represented on our board of directors.

³ Jordan, Phillip. "Clean Energy Employment Initial Impacts from the COVID-19 Economic Crisis," September 14, 2020, <https://e2.org/>