MEEA
MIDWEST ENERGY EFFICIENCY ALLIANCE

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

# Written Comments of the Midwest Energy Efficiency Alliance (MEEA) in response to PUCO Energy Efficiency Workshop Questions

The Midwest Energy Efficiency Alliance (MEEA) is a collaborative network, promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. MEEA is a membership-based non-profit organization, based in Chicago working in thirteen states across the Midwest. We serve as a nonpartisan expert resource and do not lobby on legislation or intervene in cases before state regulatory commissions.

At MEEA, we leverage our expertise to be the Midwest's leading resource for our members, allies, policymakers and the broader sector to promote energy efficiency as the essential pathway to achieve a clean, affordable, equitable and sustainable future.

We see energy efficiency as the least cost foundation of the clean energy economy, creating immediate energy savings, providing career pathways, reducing emissions, improving new and existing buildings and boosting Midwest business and industries. MEEA develops connections and engagement opportunities for a diverse group of organizations to collaboratively create practical solutions. MEEA serves as a technical resource and promotes program and policy best practices and highlights emerging technologies, all to maximize energy savings, reduce costs, improve resiliency and lower energy burden.

We welcome this opportunity to provide answers to the questions posed by PUCO Staff for guiding the 2022 Energy Efficiency Workshops. With our broad view of energy efficiency policies throughout the region and a membership that includes all sectors of energy efficiency industry , including contractors, manufacturers, implementers, evaluators, trainers, utilities, nonprofit organizations, advocates and government entities , we would also like to offer our organization as a workshop speaker for any of the workshops where Staff would like to hear about the economic benefits of energy efficiency programs and direct impact of state policies in Ohio.

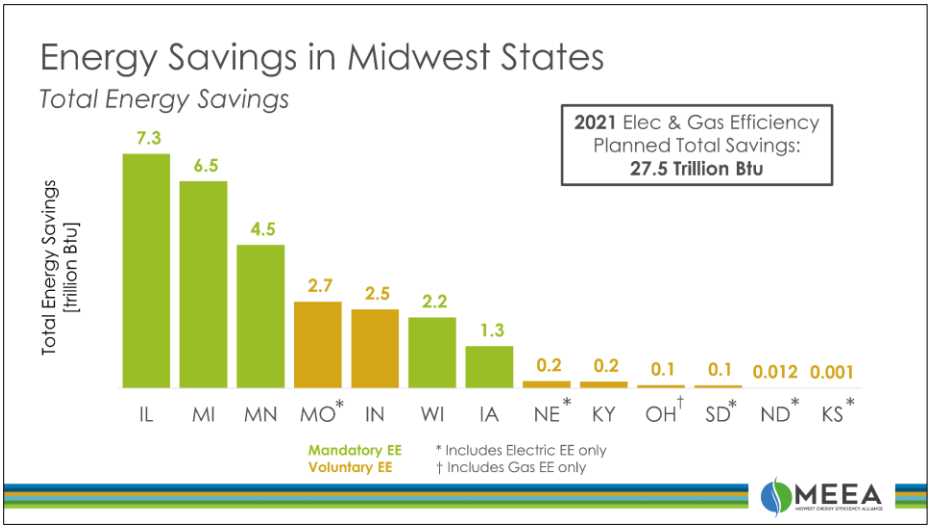
## Question 1

***1.) It is the policy of this state for electric service to "protect at-risk populations." R.C. 4928.02(L). It is also the policy of this state to encourage innovation and market access for cost-effective demand-side retail electric service including demand-side management programs. R.C. 4928.02(D). In light of the termination of the mandated energy efficiency programs under R.C.4928.66, should electric distribution utilities (EDUs) implement energy efficiency programs? Should some or all programs be targeted to the elderly and low-income customers?***

It is our experience in the Midwest that implementation of energy efficiency programs by electric distribution utilities is the norm. Even when legislation has overturned an existing energy efficiency standard, for example when Indiana's EERS overturned in 2014, EDU energy efficiency did not disappear. It shifted to a voluntary model where the EDU proposes an EE portfolio to meet self-determined goals, and once that plan is negotiated and approved it becomes the basis for the next program cycle. Similarly, in other states that have never had an EE standard, such as Missouri and Kentucky, the legislation and regulation authorize voluntary EE portfolios administered by the EDUs and subject to state regulatory commission jurisdiction.

The only state in MEEA's footprint where the investor-owned EDUs do not implement any EE programs is North Dakota (excepting Nebraska, where there are no investor-owned EDUs). In North Dakota there is no legislative provision for EE plans, neither mandated nor voluntary, and the Commission has historically declined to approve plans when utilities have proposed them. The Publicly Owned Utilities (POUs) in North Dakota and Nebraska, primarily the distribution cooperatives, do however provide small EE portfolios for their customers, as reflected in the energy efficiency data in EIA-861. There is not a state in the Midwest where some category of electric distribution utilities does not provide some energy efficiency services.

The chart below demonstrates the total energy savings planned for 2021 by Midwest states. States with mandatory energy efficiency standards tend to have higher levels of savings, though states with robust frameworks for voluntary energy efficiency (Missouri and Indiana) can achieve higher levels of savings than states that have a mandate but tightly restricted program budgets (Wisconsin and Iowa). States without a mandate and with limited legislative or regulatory frameworks to support voluntary programs are not achieving substantial savings. In 2020, when Ohio still had electric energy efficiency savings, it ranked third after Illinois and Michigan with 5.3 trillion Btu of total planned savings.




This is not to say that it is utilities always directly provide the efficiency services for their customers. While utilities have energy efficiency staff and provide program oversight and some programming internally, much of the work is contracted to professional, experienced program administrators identified through an RFP process. An individual utility may contract a program administrator for their entire portfolio, separate administrators for their residential and commercial customer programs, or an array of contractors and subcontractors to provide specific programs and services. Competitive private enterprise plays an outsized role in providing the expertise in program design and delivery of efficiency measures to utility customers. Independent, third-party contractors also typically conduct post-hoc evaluation of energy efficiency programs for utilities. Viewing energy efficiency as a dichotomy between utility or market-based offering is a mischaracterization of how the efficiency industry operates.

In some cases, such as Illinois and Minnesota, there are substantial third-party programs offered, but as part of the utility EE portfolios rather than stand-alone market offerings. The utilities, either singly or jointly, solicit these programs via an RFQ/RFP process and the performance measurement process and contract structure are subject to regulatory approval. In Wisconsin, the statewide Focus on Energy program is entirely administered by a third-party company contracted by the state Commission, with individual utilities that are members of Focus only providing programs that fall outside of Focus offerings.

In addition to utility-administered EE and contracted third-party EE programs, there are energy service companies (ESCOs) that provide privately contracted efficiency services, even in states where there are mandated EE standards and strong utility EE portfolios. These private, market-driven EE services are typically employed by larger commercial properties such as office buildings or other large facilities and are not typically engaged by individual residential customers. There are no examples in the Midwest that we are aware of where ESCO contracting or other market-based approaches have fully substituted for utility-administered EE.

Regarding program targeting, it has become even more clear over the past several years of health and economic crisis just how high the burden of energy bills is on the most vulnerable

households in Ohio and throughout the Midwest. Energy efficiency programs targeted to these customers protect the health and safety of these customers and help to reduce the cost of arrears and collections to the utility system.

Even in cases where regulators have not approved utility voluntary EE portfolios, for example Kentucky Power's application for a DSM portfolio in Case No. 2017-00097 before the Kentucky PSC, the regulator often determines that the EDU should continue to offer just the portion of its portfolio that is targeted to customers with low or fixed incomes. This is consistent with a recognition that the benefit to society from addressing the needs of these customers that cannot functionally obtain energy efficiency services on the open market outweighs the cost to ratepayers of providing these programs.

Some utilities, recognizing the needs within their service territory have shifted focus to prioritize their low-income customers within their EE portfolios. A Midwest example of this is Ameren Illinois, which has a primary goal for its 2022-2025 plan of "incorporating efforts that allow the portfolio to contribute positive impacts for communities in Central and Southern Illinois, with innovative low-income and public sector initiatives" (testimony in Case 12-0158 before the Illinois Commerce Commission). Ameren Illinois' portfolio will spend $30 million annually through its Income Qualified Initiative, 28% of its $106 million annual EE budget which includes both electric and natural gas programs. The utility has tripled their investment in IQ programs since 2017, while the overall portfolio budget has increased by two-thirds. Ameren plans to directly engage community-based organizations to assist in the design and delivery of EE programs, through stakeholder meetings with their Low-Income Advisory Committee, through workforce development initiatives to train community members to do EE measure installation in their own communities, and to serve as community ambassadors. The other Illinois investor-owned utilities, both electric and gas, have made similar increases in investment in low-income customers in their current energy efficiency plans, as have utilities in Minnesota and Michigan.

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## Question 2

***2.) Should EDUs offer energy efficiency programs to all residential customers? How should these programs be funded? Or, in order to promote competition, customer choice, and access to energy efficiency programs, should the EDUs implement cost-effective energy efficiency programs only for their residential standard service offer (SSO) customers, paid for through a bypassable rider? Why?***

We believe that the utility system is best served by having cost-effective energy efficiency programs available for all customers in all customer classes. Utilities across the Midwest and the nation have demonstrated the ability to deliver prudent, cost-effective energy efficiency programs for their customers, providing substantial benefits to all utility customers whether or not they participate in the program offerings. This is demonstrated by a 2021 study by Synapse Energy Economics, commissioned by MEEA, that showed the impacts of the loss of electric energy efficiency in Ohio. The missed opportunities for Ohio from large customer opt-outs and the repeal of the statewide energy efficiency resource standard could reach $962 million over

the lifetime of the unimplemented programs, $288 million (almost 30%) of which are system-wide benefits that accrue to participants and non-participants alike. We have included an Ohio fact sheet from that study as an addendum to these answers.

There is no evidence in the Midwest that a market-based approach is a substitute for utility-administered efficiency; evidence points to the opposite. For example, North Dakota has no approved utility energy efficiency portfolios for its investor-owned utilities. According to the EIA's State Energy Data System (SEDS), North Dakota's total electricity consumption per capita is the second highest in the nation (Ohio is 25th) and it is the fifth highest for natural gas consumption (Ohio is 17th). It is third highest for energy intensity measured in total energy consumption per dollar of GDP (Ohio is 26th). No market has stepped up to fill the efficiency gaps in North Dakota. In the Midwest, we see thriving markets for energy efficiency services in in states where utility participation has driven the growth of and transformation of that market. The market for energy efficiency in Ohio exists because of the utility offerings under the now repealed EERS, not in spite of them.

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## Question 3

***3.) Rather than promoting contemporaneous energy efficiency products/services through utilities and certified competitive energy/natural gas suppliers, should utilities offer programs only when private sector providers (not limited to competitive retail electric service (CRES) and competitive retail natural gas (CRNG) providers) fail to effectively deliver such products/services to the market?***

The concept here seems to be antithetical to an open and competitive market. Under this schema, utilities would be prevented from supplying one type of energy resource – efficiency – to their existing customers unless a third-party was unable to do so. Even in a deregulated utility market, the distribution utility remains the standard offer energy supplier *unless* the customer signs up with a competitive supplier – we do not require competitive suppliers to fail to provide energy before allowing the utility to take over. If energy efficiency is opened up to competitive markets, then the utility should be allowed to compete to retain its customers within its own efficiency portfolio.

In CRES/CRNG transactions, the energy is sold by the competitive supplier but is still delivered by the local distribution utility. The distribution utility still collects the fixed charges related to serving the customer, while the competitive supplier is paid for the energy supply. A substantial difference between supplying an electricity or natural gas resource and an efficiency resource is that no single company must own the local delivery infrastructure. But the distribution utility is still going to accrue many of the benefits of the efficiency resource even if they did not provide the service. If a third-party competitor makes an investment in an efficiency resource and provides it to a utility customer, the distribution capacity, distribution system loss, distribution O&M and distribution voltage benefits will still accrue to the distribution utility. The utility is avoiding costs without contributing to the cost of the program. There are also resilience benefits for the distribution utility and reductions in collections and arrears from customers being better able to

afford their energy bills. There are certainly benefits that accrue to generation and transmission and general benefits to the entire system, but there is still immense potential for market imbalances here. The CRES/CRNG provider and the utility customer would be paying for the costs of the investment, but a large portion of the benefit would end up with the distribution utility that was not part of the transaction.

Just as deregulated utility markets have opened up competition for energy supply, they have also opened up the market to bad actors. Organizations like the Office of the Ohio's Consumers' Council and consumer advocacy nonprofits have web pages reminding consumers to be aware of energy scams and predatory door-to-door energy sales. Energy efficiency, which consumers are generally even less informed of than they are of energy supply, would require even more rigorous oversight from the Commission to protect consumers from entering into predatory contracts.

Beyond consumer confusion, pushing energy efficiency into the CRES/CRNG market and away from utility administration would make it logistically infeasible for retailer point-of-sale buydowns or product rebates to be offered because retailers would need to work with a potentially vast array of program providers, verify customer eligibility for multiple programs with different rules and criteria, and potentially even deal with different incentive offers for the same product from different CRES/CRNG companies. Construction companies and other trade allies would no longer have the trusted relationships they have built with utility-based programs and providers and would likely decline to participate in the hodgepodge of mismatched programs that could develop.

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## Question 4

***4.) How should program magnitude be determined?***

Whether to comply with a mandated EE target or to determine the levels of EE to include in a voluntary portfolio proposal, utilities typically start with a market potential study. That study shows the efficiency needs of the customers and the measures and programs that could cost-effectively fill those customer needs. In a situation such as the Commission is contemplating, where utilities are not the source of energy efficiency programs, a statewide potential study becomes the necessary alternative to individual utility territory studies.

A statewide potential study is useful even when utilities conduct their own studies. In Michigan, Public Act 341 of 2016 requires the Michigan PSC to periodically conduct statewide potential studies for Energy Waste Reduction (EWR; Michigan's terminology for energy efficiency programs) and demand response. The statewide potential studies provide consistency in how efficiency is included in the modeling scenarios and assumptions that are used by the state's utilities in their integrated resource planning and subsequent distribution and EWR planning.

Understanding the technical, economic and achievable potential for energy efficiency in the state is important to understand where and what kind of programs are needed and to understand the parameters necessary to assess performance toward meeting those needs. An

independent, third-party statewide potential study such as Michigan produced, updated on a regular periodic basis, would give the Commission an understanding of the size of the market need and whether approaches that are being implemented – market- or utility-based – are effectively serving the market through efficiency services.

## Question 5

***5.) State policy for electric service encourages the education of small business owners in the use of energy efficiency programs. R.C. 4928.02(M). Should EDUs offer energy efficiency programs to all small commercial customers, paid for by a nonbypassable rider with the option of an opt-out for those customers? Should EDUs offer energy efficiency programs only for small commercial SSO customers, paid for through a bypassable rider? For each EDU, which rate classes should be considered small commercial customers? How should small business customers be educated regarding energy efficiency programs?***

As noted in response to Question 2, we believe that having energy efficiency programs available for all customer classes, without opt-outs, provides the greatest value to the utility system and the customers. Program offerings for small, medium and large businesses should include prescriptive programs for standard measures such as lighting and building systems as well as custom programs for more specialized measures and process efficiency.

## Question 8

***8.) How should the PUCO measure success in transitioning from mandated energy efficiency programs to a market-based paradigm? Is it sufficient to measure year-over-year change in the amount of energy efficiency from Ohio that clears the PJM capacity market? What, if any, cost-effectiveness test should be used? What, if any, limitations should there be on which energy efficiency programs may be offered?***

Ohio should not limit itself to the traditional cost-effectiveness tests developed by the California Commission in the 1980s (Total Resource Cost Test, Utility/Program Administrator Cost Test, Participant Cost Test, Societal Cost Test).

If a goal is to shift to a market-based paradigm where energy efficiency is delivered through competitive suppliers or other non-utility administered entities, then the traditional cost-effectiveness tests developed for utility programs may not be especially useful in showing which resources meet the state's goal. On the other hand, if utility energy efficiency is restored in Ohio, the traditional tests may still not be the best test to determine whether Ohio's goals are being met. The Commission could establish a working group of staff, utilities, subject matter experts, and other stakeholders to use the National Standard Practice Manual (NSPM) as a framework for determining a jurisdiction-specific cost-effectiveness test to apply to energy efficiency and other distributed energy resources that would include the costs and benefits relevant to Ohio's policies and goals.

Programs offered should be demonstrated as achievable and viable in the market via a statewide potential study that uses the NSPM-informed jurisdiction-specific cost-effectiveness screen to determine economic potential. Regular, periodic updating of the potential study is one way to show whether the ongoing energy efficiency offerings are meeting the available potential and what new measures and programs can be acquired to find new savings. The limitations on programs should be whether there is a market need that a program administrator can deliver cost-effectively. Too limited a scope or scale of energy efficiency programs leaves valuable savings on the table and can stifle innovation and market transformation.

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## Question 9

***9.) Should the existing demand-side management programs implemented by the natural gas utilities be transitioned to the market-based paradigm where they offer efficiency programs only to nonshopping customers (except for at-risk populations)? R.C. 4928.03(A)(3). Are there differences in the electric and natural gas industries that would prevent competitive retail natural gas suppliers from meeting the demand for efficiency programs in a competitive market?***

There is no evidence that the existing demand side management programs implemented by Ohio's natural gas utilities have been unsuccessful in meeting the goals they set forth before the Commission. Throughout the Midwest, natural gas utilities deliver cost-effective and prudent energy efficiency programs for their customers, often in direct collaboration with electric utilities in overlapping territories. If anything, PUCO ought to be looking for ways to expand utility-offered natural gas energy efficiency programs in the state and to encourage cross-utility collaboration to provide more holistic whole-building approaches to generate deeper energy savings.

Like electric distribution utilities, even with a competitive supplier, the distribution utility is still delivering the gas to the ultimate customer. This means that the distribution benefits of energy efficiency accrue to the natural gas utility, just as they do with electric utilities as noted in response to Question 3. If the utility is not part of the energy efficiency transaction, then they are a free-rider on the benefits without contributing to covering the costs of the service.

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## Question 14

***14.) What creative solutions have other jurisdictions and entities employed in the implementation of energy efficiency programs to accomplish objectives such as cost-effectiveness, customer education, benefits to at-risk populations, robust program adoption, and measured energy savings?***

One of the proven pathways to facilitate accomplishing energy efficiency objectives is through increased stakeholder participation. Throughout the Midwest direct involvement of stakeholders in statewide advisory groups, working groups and other processes has enhanced understanding of the value of efficiency, increased cooperation among utilities, reduced expensive and time-

consuming litigation by coming to agreement before cases are filed, and supported the maintenance and consistency of technical guidance documents.

This is not an area where Ohio has been a leader for the region, but PUCO has the opportunity as they consider future decisions and rulemakings regarding energy efficiency to change that narrative and bring stakeholders closer together in Ohio.

The types of stakeholder involvement vary among Midwest states, based on what has been created by statute or through Commission rules and orders.

### Illinois

- The Illinois Stakeholder Advisory Group (IL SAG) was formed at direction of the Illinois Commerce Commission (ICC) in 2008 and is run by an independent, contracted facilitator. Since its inception, SAG's role has been expanded by subsequent energy legislation and regulatory directives. Participants include the investor-owned utilities, the program evaluators for the utilities, and over 100 additional interested stakeholders from EE businesses, consumer advocates, environmental nonprofits, the US EPA, the state attorney general's office, the ICC, other state agencies, and various municipalities. SAG acts in an advisory role and seeks consensus resolution on policy and technical issues related to the implementation of Illinois' energy efficiency resource standards for electric and natural gas utilities. SAG responsibilities include:
    - Reviewing program designs
    - Establishing performance metrics for measuring portfolio & program performance
    - Reviewing progress against metrics and statutory goals
    - Reviewing new programs proposed for the next program cycle
    - Reviewing program budget shifts between programs
    - Development & maintenance of the state's Technical Resource Manual (TRM) for approval by the ICC
    - Discussion of issues that are unresolved in litigation
    - Creation of a statewide Policy Manual to guide program implementation
    - Engaging utilities and stakeholders in a formalized portfolio planning process to reach agreement on energy efficiency plans before filing
    - Convening additional groups such as: steering committee to guide SAG; technical advisory committees to update the TRM annually, resolve evaluation issues, and address other technical issues; subcommittees to address specific issues such as Commission directives and stipulated agreements; and working groups to address short-term issues and make recommendations to subcommittees of the technical advisory committee.
    - Serving as a repository and clearing house for meeting materials & notes; utility plans, reports & studies; the statewide TRM and Policy Manual; updated links to open and closed EE dockets at the ICC; and other EE-related documentation.
- The Income Qualified Advisory Committee was formed in 2017 under the Future Energy Jobs Act (FEJA) and updated by 2020's Climate and Equitable Jobs Act (CEJA). The committee consists of one statewide leadership committee composed of community-

based organizations representing BIPOC (black and indigenous people of color) and environmental justice communities, and two geographic subcommittees (IQ North and IQ South). These subcommittees include participants from community action agencies, community-based organizations, public housing organizations, implementation contractors that operate income qualified EE programs and the utilities as well as other interested parties – many of the same participants as the Illinois SAG. The IQ Advisory Committee serves to assist in the design and evaluation of income qualified energy efficiency programs throughout the state, including programs offered jointly across utility service territories, and coordination with federally- and state-funded, state-run Weatherization Assistance Program (WAP) and the Low-Income Home Energy Assistance Program (LIHEAP).

### Indiana

- Public stakeholder engagement meetings are required by the IURC rules for utility integrated resource planning. These stakeholder meetings help utilities to understand the energy resource preferences of their customers and help customers to understand and contribute to the planning process. Stakeholders in Indiana review modeling parameters and assumptions, propose resource scenarios to be modeled, provide feedback on preliminary scorecards and review proposed action plans before the utility files their final IRP. They also have the opportunity to provide written comments on the filed IRP and on the Draft Director's Report that analyzes the IRP for the Commission. The energy efficiency resources identified in IRP are required by statute to be reflected in subsequent demand-side management plans, so this up-front stakeholder involvement has a long reach that impacts several years of subsequent DSM planning and operations.

### Michigan

- The Michigan PSC establishes workgroups to investigate issues and to develop and streamline regulatory activities. Workgroups are open to the public and include staff, utilities, industry experts, and utility customers. The active workgroups cover a wide range of energy topics. Those that are energy efficiency-related include:
    - Energy Affordability and Accessibility Collaborative, which solicits participant feedback and makes recommendations based on stakeholder input to the Commission to better serve low-income and vulnerable households with energy assistance, customer protections and low-income energy waste reduction
    - Low Income Workgroup, which works on low-income specific energy issues including energy waste reduction with a goal of bridging gaps in program offerings and delivering more complete and robust programs
    - Energy Waste Reduction Collaborative, which makes recommendations to improve utility energy waste reduction plans, supports program evaluation and promotes EWR as a means to economic development and job creation
    - Demand Response Aggregation which works on issues related to aggregating demand response for the wholesale energy market

- Energy Waste Reduction and Demand Response Statewide Potential Study, which conducts the statewide potential study and holds stakeholder sessions to solicit comments on demand response and energy waste reduction measure lists, customer survey and market characterization parameters.
- MI Power Grid, a focused multi-year stakeholder initiative to maximize the benefits of transitioning to clean, distributed energy resources
- Legislative working groups which were convened to implement 2016 legislative changes, including various workgroups related to integrated resource planning, potential studies, EWR program updates, on-bill financing rules, and performance-based regulation

### Minnesota

- The Minnesota Department of Commerce, which oversees the state's Conservation Improvement Programs (CIP) and the Minnesota PUC implement stakeholder working groups and committees to assist with planning and decision-making. These groups include subject matter experts, utilities, PUC staff and other interested stakeholders. Some examples include:
  - Cost-effectiveness Working Group to review the state's cost-effectiveness testing protocols and make recommendations for establishing a jurisdiction-specific test by working through the National Standard Practice Manual (NSPM) Framework.
  - TRM Advisory Committee and its associated working groups, which advise Commerce on the technical specifications, guidelines and protocols in the statewide Technical Resource Manual
  - Docket 21-566 Stakeholder Group established recently by the PUC to make recommendations and come to agreement on measurement and performance evaluation protocols for implementation of the state's Natural Gas Innovation Act (NGIA) that allows utilities to count renewable natural gas and other non-fossil sources toward state decarbonization goals.
  - Building Efficiency Workgroup which was convened jointly between Commerce and the Department of Labor and Industry, to develop recommendations to the agencies on policy options to enable cities to promote greater energy performance in commercial and multifamily residential buildings.

### Missouri

- The Missouri Energy Efficiency Advisory Collaborative (MEEAC) meets at least once per year by statute. It was created by the Missouri Energy Efficiency Investment Act (MEEIA) in 2011. It is organized and facilitated by the Missouri PSC and is open to all interested participants. The mandates of MEEAC are to develop and maintain the state's technical resource manual, share lessons learned among utilities and other stakeholders to improve demand-side program planning and implementation, and to provide a forum for discussion of statewide policy issues. It is open to the investor-owned electric utilities that are covered under MEEIA but also includes participation from publicly-owned and gas utilities. Attendees at meetings include PSC Staff & Commissioners, the state energy

office, the state consumer advocate, utility representatives, groups representing the interests of the various customer sectors, low-income advocates, nonprofits, and energy efficiency businesses.

- MEEAC participants have created a number of work groups as offshoots of the statewide collaborative to discuss specific topic areas. These include the currently active Low-Income Workgroup, and past work groups on Non-Energy Impacts and Financing. These work groups are proposed by MEEAC members in full meetings and approved by the Collaborative.

The examples provided here are a sample of the work that is being done through stakeholder groups but is not exhaustive. These examples demonstrate the breadth and depth of the work taken on by stakeholders in Midwest states to accomplish the objectives noted in the question and many more. PUCO could bring this cooperation and expertise to Ohio's energy efficiency landscape by increasing stakeholder involvement in all levels of energy efficiency planning and regulation. Utility-specific advisory groups are no substitute for statewide collaboratives that include all jurisdictional utilities and are open to all interested stakeholders. Statewide collaboratives and committees bring increased participation, broader understanding of the issues and how they relate across service territories, and much-needed transparency and internal accountability to energy planning processes. Much of the stakeholder collaboration in the Midwest, as noted, was created under Commission authority rather than through legislation.

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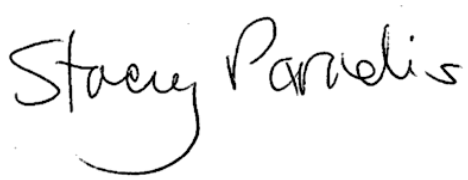
In close, we would like to thank the Commissioners and Staff for putting together these Energy Efficiency Workshops and for providing this opportunity for public comment. This kind of non-docketed stakeholder participation is a vital step toward creating the trust and understanding that will be necessary to implement robust and effective energy efficiency programs in the State of Ohio and should provide PUCO with a broad look at the needs and concerns of all sectors of energy efficiency stakeholders. MEEA stands ready to participate in the Workshops and support the PUCO, stakeholders, and our members in rebuilding the energy efficiency marketplace in Ohio.

If you have questions or would like additional information, please feel free to contact MEEA's staff.

- Gregory Ehrendreich, Senior Analyst – gehrendreich@mwalliance.org 312.784.7273
- Nick Dreher, Policy Director – ndreher@mwalliance.org 312.784.7271



**Stacey Paradis, Executive Director**
sparadis@mwalliance.org 312.784.7267

# *Missed Opportunities: The Impact of Recent Policies on Energy Efficiency Programs in Midwestern States*

## OHIO

The repeal of Ohio's energy efficiency standard by 2020's **House Bill 6** was the culmination of ongoing attacks on EE since 2014. The law also eliminated cost recovery, making voluntary utility EE unworkable. After a two-year freeze, several repeal attempts and weakening through a large customer opt-out, HB6 finally ended electric EE in Ohio.

MEEA commissioned a study to understand the missed opportunities for the utility system and Ohio's utility customers from the repeal and opt-out. This factsheet outlines the key findings and potential missed opportunities from those policies.

**$962 MILLION**
*Lost net benefits*

**$2 BILLION**
*Additional costs from carbon emissions*

**$51 - 115 MILLION**
*Health damage costs*

**$300 MILLION**
*Net income loss*

**5,400**
*Jobs lost*

**$288 MILLION**
*Lost net benefits for non-participants*

### Net Impact on EE Benefits

With the repeal of the state's energy efficiency resource standard, Ohio has undermined energy efficiency's statewide value. **Annually, Ohio will miss $962 million in benefits.** These benefits include bill savings and lower utility costs.

### Social Cost of Carbon

HB 6's repeal of the energy efficiency standard eliminated utility EE programs, resulting in increased energy use and associated carbon emissions. The social cost of the additional carbon emissions is approximately **$2 billion**.

### Health Impacts

Ohio faces **$51 million to $115 million in health care costs** resulting from the policy change. These come from premature mortalities, illnesses and lost workdays from the electric generation air pollution that EE would have avoided.

### Macroeconomic Impacts

Ohioans face **net job loss of over 5,400 full-time equivalent jobs**, a **net income loss of $300 million** and a **net GDP loss of $296 million** from the adopted regressive EE policies.

### Non-Participant Benefits

EE programs provide benefits to all customers, even those who have not participated. The regressive policy change eliminates **$288 million in nonparticipant rate relief**.

Synapse Energy Economics, Inc.

MEEA MIDWEST ENERGY EFFICIENCY ALLIANCE

**PREPARED BY:**
Synapse Energy Economics, Inc.

**PREPARED FOR:**
Midwest Energy Efficiency Alliance

**CONTACT:**
Greg Ehrendreich
Senior Analyst, MEEA
gehrendreich@mwalliance.org

MEEA's policy team released a report with the help of researchers from Synapse Energy Economics. **"Missed Opportunities"** estimates the impacts of recent energy efficiency policy rollbacks in six Midwestern states: Illinois, Indiana, Iowa, Ohio, Missouri and Wisconsin.

The findings underscore the immense value of utility-run energy efficiency programs by quantifying the benefits they provide to society at large - from economic to environmental and health.

**View the full report:** https://www.mwalliance.org/sites/default/files/meea-research/missed_opportunities_-_midwest_ee_policy_impacts.pdf?current=/taxonomy/term/11