

As Introduced

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Senator Seitz

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A B I L L

To review and possibly modify the energy efficiency, 1
peak demand reduction, and alternative energy 2
resource provisions established by Ohio law 3
governing competitive retail electric service. 4

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. (A) As used in this section, "changes in electric 5
service occurring since 2008" includes the following: 6

(1) Development of large natural gas resources in Ohio; 7

(2) Reduced prices for electricity on the wholesale market; 8

(3) The impact that energy efficiency programs may have had 9
on depressing wholesale prices in the PJM interconnection regional 10
transmission organization auction area or improving the 11
reliability of the electric grid; 12

(4) Consideration of whether energy efficiency is a least 13
cost resource and whether it helps offset or defer the cost of new 14
generation facilities; 15

(5) Whether the newly-authorized inclusion of combined heat 16
and power and waste energy recovery in the energy efficiency 17
standards makes it possible to cost-effectively meet the energy 18
efficiency benchmarks going forward; 19

(6) Whether renewable energy resources have helped to depress 20

wholesale prices in the PJM auction market;	21
(7) The hedge value of stable long-term renewables contract prices and the long-term price impact of the low cost of renewable fuels; and	22 23 24
(8) Whether renewables can offset the cost of new generation facilities and whether they help to achieve energy independence from foreign fuel sources.	25 26 27
(B) Given the changes in electric service occurring since 2008, it is the General Assembly's intent to review and possibly modify the energy efficiency, peak demand reduction, and alternative energy resource provisions established by Ohio law governing competitive retail electric service and first enacted in Am. Sub. S.B. 221 of the 127th General Assembly.	28 29 30 31 32 33
(1) In its review, the General Assembly shall consider whether:	34 35
(a) Energy efficiency and peak demand reduction requirements under section 4928.66 of the Revised Code should be frozen at a certain level, amended, or repealed;	36 37 38
(b) Energy efficiency and peak demand reduction requirements under section 4928.66 of the Revised Code, if amended, should be reduced or increased;	39 40 41
(c) An electric distribution utility may voluntarily design an energy efficiency and peak demand reduction plan that purposely exceeds the minimum requirements established in section 4928.66 of the Revised Code, and if so, whether the costs of exceeding the statutory requirements should be a nonbypassable charge that customers must pay;	42 43 44 45 46 47
(d) The Public Utilities Commission should be granted the authority to require an electric distribution utility to implement an energy efficiency and peak demand reduction plan that exceeds	48 49 50

the minimum requirements established in section 4928.66 of the Revised Code or to require an electric distribution utility to bid all or part of its projected energy efficiency and peak demand reduction portfolios into the PJM base residual auction, and if so, whether the definition of energy efficiency savings in Ohio law should be consistent with that of PJM;

(e) An electric distribution utility, which designs an energy efficiency and peak demand reduction plan that exceeds the minimum requirements established in section 4928.66 of the Revised Code, should be permitted to implement incentive plans or shared savings plans that allow it to earn a profit upon exceeding the requirements established in its energy efficiency and peak demand reduction plan;

(f) A three per cent cost cap should apply to energy efficiency and peak demand reduction requirements under section 4928.66 of the Revised Code;

(g) Alternative energy resource requirements under division (B) of section 4928.64 of the Revised Code should be frozen at a certain level, amended, or repealed;

(h) Alternative energy resource requirements under division (B) of section 4928.64 of the Revised Code, if amended, should be reduced or increased;

(i) The compliance payments under division (C)(2) of section 4928.64 of the Revised Code, including those for failure to meet solar energy requirements, should be amended or indexed to the Consumer Price Index;

(j) The three per cent cost cap provisions under division (C)(3) of section 4928.64 of the Revised Code have been properly interpreted by the Commission;

(k) The three per cent cost cap under division (C)(3) of section 4928.64 of the Revised Code should be amended;

(l) Electric distribution utilities and electric services companies may exceed the three per cent cost cap under division (C)(3) of section 4928.64 of the Revised Code, and if so, to what extent, and whether the additional costs may be recovered from some or all customers and how that may be done;

(m) Ohio's alternative energy resource law should continue to provide separate requirements for particular forms of energy, such as solar energy, or whether the law should be changed to apply equally to all forms of energy, thereby allowing all energy providers to compete directly;

(n) A portion of the renewable energy resources implemented by an electric distribution utility or electric services company should be met, as is currently required under division (B)(3) of section 4928.64 of the Revised Code, through facilities located in this state or with resources shown to be deliverable into this state;

(o) Requirements for advanced energy under section 4928.64 of the Revised Code are achievable without providing incentives to meet the capital costs for meeting the advanced energy requirements or whether these requirements are necessary given the current low price of electricity and the excess generating capacity that now exist;

(p) The costs incurred by electric distribution utilities and electric services companies in complying with the energy efficiency and peak demand reduction requirements under section 4928.66 of the Revised Code and the alternative energy resource requirements under division (B) of section 4928.64 of the Revised Code are bypassable, and if so, to what extent, and whether these costs should be bypassable or nonbypassable, and if so, to what extent;

(q) Electric distribution utilities and electric services

companies should be required to provide, as a separate line item 113
on customer bills, the utility's or company's cost of complying 114
with the energy efficiency and peak demand reduction requirements 115
under section 4928.66 of the Revised Code and the alternative 116
energy resource requirements under division (B) of section 4928.64 117
of the Revised Code; 118

(r) A comprehensive cost-benefit analysis of the competitive 119
retail electric service law, including renewable and advanced 120
energy requirements, energy efficiency requirements, and peak 121
demand reduction requirements, should be prepared to determine 122
whether consumers are deriving sufficient benefits based on how 123
the benefits and costs are allocated; 124

(s) The Commission has correctly upheld the intent of Am. 125
Sub. S.B. 221 of the 127th General Assembly in permitting 126
incentive programs that have the effect of making certain charges 127
nonbypassable; 128

(t) Renewable energy resource providers and energy efficiency 129
program providers face undue legal barriers to competing more cost 130
effectively and whether such barriers could be reduced by 131
implementing programs such as virtual net metering and feed-in 132
tariffs, facilitating master limited partnerships, decentralizing 133
portions of the transmission and distribution system by investing 134
in distributed generation and microgrids, or pursuing other state 135
efforts to drive down costs of energy efficiency and renewable 136
energy; 137

(u) Statutes or administrative rules are needed to permit 138
more accurate and transparent levelized cost comparisons of the 139
actual cost of the various fuels available to produce electricity 140
for this state; 141

(v) Adequate processes exist to determine whether electric 142
distribution utilities and electric services companies prudently 143

purchase energy to fulfill the requirements of the energy 144
efficiency law and alternative energy resource law; and 145

(w) The law should be amended to include provisions to 146
protect the ability of an electric distribution utility or an 147
electric services company to recover costs committed to or 148
incurred to comply with mandates and to protect the validity of 149
contracts made in good faith pursuant to current law, if the 150
energy efficiency, peak demand reduction, and alternative energy 151
resource standards are significantly altered or repealed, and if 152
the law is significantly amended or repealed, to what extent such 153
protections should be granted. 154

(C) The General Assembly also shall review the following: 155

(1) How best to protect ratepayers against future price 156
changes that may occur if the energy efficiency, peak demand 157
reduction, and alternative energy resource requirements remain 158
law; 159

(2) What the appropriate standards should be for measuring 160
the amount of energy savings and peak demand reduction that an 161
electric distribution company achieves in order to determine 162
whether such savings or reduction may count toward compliance with 163
the energy efficiency and peak demand reduction requirements under 164
section 4928.66 of the Revised Code, including whether the 165
Commission should be directed to do the following: 166

(a) Clarify that such savings be calculated on an annualized 167
basis based on gross savings and not just those savings net of 168
savings attributed to the customer; 169

(b) Substantially broaden the nature of the energy savings 170
that may be counted towards compliance with the requirements under 171
section 4928.66 of the Revised Code as compared to that allowed 172
under current Commission rules and practice; and 173

(3) What effects there would be on the Ohio job market and on 174

planned in-process investments and committed investments in Ohio,	175
if cost recovery or contract protections as described in division	176
(B)(1)(w) of this section were established following the	177
alteration or repeal of the state's energy efficiency, peak demand	178
reduction, and alternative energy resource standards.	179