



May 23, 2018

The Honorable Larry Obhof
 President of the Ohio Senate
 1 Capitol Square, 2nd Floor
 Columbus, OH 43215

The Honorable Troy Balderson
 Chairman of the Ohio Senate Energy and
 Natural Resources Committee
 1 Capitol Square, 1st Floor
 Columbus, OH 43215

Dear President Obhof and Chairman Balderson,

As businesses with a stake in Ohio's energy efficiency economy, we are writing to urge you to reject the "mercantile opt out"—a specific provision within Ohio House Bill 114 that greatly undermines Ohio's energy efficiency opportunity.

We recognize that crafting a comprehensive energy policy for the state is a difficult task, but we encourage you to consider the context for Ohio's energy efficiency standard before making any additional changes to the policy.

Our companies have a significant interest in the availability and certainty of utility investments in energy efficiency improvements made in all sectors in Ohio. Our companies are involved in the design, installation, and maintenance of materials that are used to help make Ohioan homes and businesses more energy-efficient. Rebates offered by Ohio utilities create opportunities for our companies—and our employees are among the 78,000 energy efficiency employees in the state.

We are very concerned about language in HB 114 that would make "mercantile" customers eligible for a special exemption from utility-administered energy efficiency programs. The proposed policy change is unfair, unnecessary, and could directly impact our companies' ability to work with clients to help them save energy.

For background, Ohio Senate Bill 310, enacted in 2014, permitted certain "large industrial" electricity customers to receive a special exemption from participation in utility-administered efficiency programs. This special exemption extended to the state's largest energy consumers—those who use at least 45 million kilowatt-hours per year. House Bill 114 proposes to broaden the eligibility for this exemption to all mercantile customers, which could add up to be a substantial portion of an electric utilities' customer base.

As a matter of best practice, state efficiency programming works best when all types of customers—residential, commercial, industrial—are participating in the programming. This is because industrial efficiency programs are some of the least expensive in a utility's portfolio, costing on average 2.7 cents per kilowatt-hour compared to 3.5 cents per kilowatt-hour for residential programs.¹

¹ Hoffman, G. Leventis, and C. Goldman, Trends in the Program Administrator Cost of Saving Electricity for Utility Customer-Funded Energy Efficiency Programs (Berkeley: Lawrence Berkeley National Laboratory, 2017).
<https://emp.lbl.gov/publications/trends-program-administrator-cost>

When some customers are allowed special exemptions because of their size, all other customers have to pay more to achieve the same efficiency goals. House Bill 114 seeks to expand eligibility for this special exemption to “mercantile” customers. This class of customers is very large, and very diverse. It may include small or medium manufacturers, a chain of small gas stations or convenience stores, a steel mill, or a dry cleaner. Allowing such a broad exemption without studying its potential impact on other non-eligible customers could have unintended consequences.

A recent study by the American Council for an Energy-Efficient Economy (ACEEE) found that expanding eligibility under Ohio’s industrial opt-out to include mercantile customers could result in \$1.85 billion in increased utility costs, and a staggering \$3.3 billion in lost utility bill savings for participants.²

Ohio House Bill 114 will lead to billions in lost economic opportunity for Ohio businesses. If the state has a genuine interest in curbing energy costs for consumers and growing an energy efficiency industry currently employing approximately 78,000 Ohioans,³ all customers and all utilities must have a role to play in realizing this potential.

Further modifications to this standard could have unintended consequences for consumers, businesses, and economic opportunity in the state. For these reasons, we urge you reject modifications to the efficiency standard that would cost consumers billions and leave economic opportunity on the table.

Sincerely,

Aarloom Energy Solutions
Cleveland, Ohio

Geauga Mechanical
Chardon, Ohio

Castle Heating & Air
Cleveland, Ohio

Gexpro
Independence, Ohio

Dovetail Solar and Wind
Cleveland, Ohio

NuGen LED Solutions
Bellville, Ohio

Duct Fabricators, Inc.
Cleveland, Ohio

Sheet Metal and Air Conditioning Contractors’
National Association, Cleveland Chapter
Cleveland, Ohio

Echogen Power Systems, LLC
Akron, Ohio

Sustainable Energy Services, Inc.
Westlake, Ohio

Energy Optimizers, USA
Tipp City, Ohio

T.H. Martin Inc.
Cleveland, Ohio

Cc: The Honorable John R. Kasich, Governor of Ohio
Members of the Ohio Senate

² Large Customer Opt-Out: An Ohio Example, June 2017, at iv, Executive Summary. <http://aceee.org/blog/2017/06/ohio-opt-out-will-cost-state-billions>

³ Energy Efficiency Jobs in America, E4 The Future, Ohio details first appear on Page 10. https://e4thefuture.org/wp-content/uploads/2016/12/EnergyEfficiencyJobsInAmerica_FINAL.pdf