



**STATE SENATOR TROY BALDERSON**  
20<sup>th</sup> District, Ohio Senate  
SB 310 Sponsor Testimony  
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Thank you, Chairman Seitz, Vice-Chair LaRose, Ranking Member Kearney and the Senate Public Utilities Committee for the opportunity to give sponsor testimony on Senate Bill 310 today.

The purpose of Senate Bill 310 is straightforward – maintain the 2014 status quo for renewable energy and energy efficiency mandates while a study committee reviews, and subsequently recommends to the General Assembly, the appropriate path forward for any government mandates in the future. Specifically, Senate Bill 310 would maintain the renewable energy and energy efficiency standards at 2014 levels; codify language regarding the 3% cost cap; protect existing renewable resource contracts; and, set forth a process for handling existing portfolio plans while the existing mandates are reviewed.

I will briefly highlight these changes included within Senate Bill 310:

**Continuation of Existing 2014 Mandates**

First, both the existing renewable energy and energy efficiency mandates will remain at 2014 levels in Senate Bill 310. That means that the renewable energy requirement will be maintained at 2.5% of the total kilowatt hours of electricity sold, with 0.12% of that coming from solar energy resources. At least one-half of these resources must still come from facilities within the state of Ohio, with the remainder being deliverable into the state. Ohio utilities would also be required to continue to achieve energy efficiency savings of 4.2% of the baseline for energy savings.

The Public Utilities Commission of Ohio would be required to adopt rules no later than January 1, 2015 regarding the disclosure of costs from these standards on customer utility bills. Therefore, Ohio ratepayers will clearly know how much they are being individually charged on a monthly basis for each requirement.

**3% Cost-Cap Provision**

During the past year, this committee has heard extensive testimony regarding the 3% cost-cap provision within Senate Bill 221. As you have heard, the existing provision in law has been interpreted in various ways by different people. Senate Bill 310 would codify the 3% cost-cap

applicable to renewables by using the methodology adopted by the Public Utilities Commission, which appears to have universal support.

### **Protection of Renewable Energy Contracts**

Furthermore, Senate Bill 310 also assures that if a utility has executed a contract to obtain renewable resources, and there are costs associated with that contract that are recouped by customers, the cost-recovery will continue until all costs are fully recovered.

This maintains the integrity of the contracts that are in place as of the effective date of this bill by making sure they are continued to completion.

### **Utility Portfolio Plans**

As you know, electric distribution utilities currently have portfolio plans that were agreed to by the various interested parties, and subsequently approved by the Public Utilities Commission. The expiration dates of the plans are staggered over the next two and half years. As the study committee and the General Assembly review the current mandates during that time period, there needs to be a mechanism for dealing with these plans. Senate Bill 310 seeks to maintain these agreed upon plans to their fullest extent, while simultaneously maintaining the current mandates at their 2014 levels. To handle this, SB 310 requires an electric distribution utility with a portfolio plan already in effect to do one of two things:

- 1) Continue its current plan that the Public Utilities Commission originally approved, or;
- 2) Amend its plan by filing an application for review by the Public Utilities Commission.

Should a utility continue its current plan, the Public Utilities Commission must extend that plan through 2016, without amendments, if the plan expires before the end of 2016. With a continued plan, the utility will continue to be subject to the energy efficiency and peak demand reduction requirements as they currently exist in law today.

If a utility applies with the Public Utilities Commission to amend its plan, the utility would need to provide notice to the Public Utilities Commission of this request no later than 30 days after the effective date of Senate Bill 310. The Commission would then be required to review the utility's proposed amended plan and provide all interested parties the opportunity to be heard. The Commission must approve a final amended plan within 60 days of the utility's application to amend its plan. In the event that a utility seeks to amend its current plan, SB 310 would permit industrial customers who already implement their own energy efficiency programs the ability to opt-out of a utility's efficiency program requirements upon written notice to the Public Utilities Commission.

### **Energy Mandates Study Committee**

Lastly, it is no secret to this committee that over the last year we have heard numerous witnesses provide different, and in some cases, complete opposite, testimony regarding the actual effects of the mandates from Senate Bill 221 over the past 6 years. However, one thing is clear – while we

know how much money has been paid for by Ohioans for energy efficiency, we have no certainty on the benefits they have recouped from their payments.

Because of this uncertainty and the changing economic and energy landscapes since the enactment of Senate Bill 221, it is essential that we act to protect all Ohioans electricity bills from continuing to rise, and therefore, maintain the status quo while we carefully review the best way to move forward.

Senate Bill 310 lays out a path for going forward by creating the Energy Mandates Study Committee. This committee, consisting of 21 members from various interest groups affected by existing mandates, will be tasked with providing recommendations to the General Assembly on a variety of topics, including a cost-benefit analysis on the effects of maintaining the mandates at the levels established in Senate Bill 221, or at the 2014 level going forward. The committee will also recommend the best evidence-based standard so there is no doubt on how the General Assembly is to evaluate the effects of the mandates in the future. Finally, the committee will recommend whether some form of opt-in or opt-out mechanism should be available to customers in the future.

It is evident that the current requirements are in need of reform. There have been studies conducted that show Senate Bill 221 has benefited Ohio customers of all sizes, while there have been studies conducted that show these standards have been very costly to Ohio customers.

The lack of consistent evidence-based results regarding the effects of these existing standards has caused great uncertainty for all of the parties involved, but most importantly for me, all Ohioans. Make no mistake – Senate Bill 310 was prepared to benefit one, and only one group; every day Ohioans. Now is the time to address the impending increase in their electricity bills due to the mandates in Senate Bill 221, and Senate Bill 310 is the mechanism for addressing this issue for all Ohioans.

Thank you, Chairman Seitz, for allowing me to testify on behalf of Senate Bill 310. I'd be happy to answer any questions you may have.