



## Substitute Senate Bill 58

### Executive Overview

December 3, 2013

The OMA remains strongly opposed to Substitute Senate Bill 58 (Sub. SB 58). The most recent substitute bill (Nov. 25, 2013) fails to address many critical substantive and technical concerns raised by customers about the previous version of the bill. In its current form, the legislation remains a huge giveaway to utilities and threatens to wipe out billions of dollars in projected energy savings for Ohio businesses and residents.

Not only are the latest changes to Sub. SB 58 insufficient and largely unresponsive to customer concerns, but the bill now contains a number of new and revised provisions that are even worse for customers than the previous version of the legislation. For example:

- **Sub. SB 58 allows savings from municipal electric systems' and rural electric co-ops' energy efficiency and peak demand reduction improvements to count toward utilities' compliance requirements** – even though the municipals and co-ops are not part of the investor-owned utility distribution system. This allows the utilities to collect 33 percent profit on those savings – savings the utilities had no involvement in creating.
- **Sub. SB 58 allows savings from non-electric energy efficiency and peak demand reductions to count toward the utilities' compliance requirements.** This requires electric customers to pay for non-electric energy efficiency improvements.
- **Sub. SB 58 allows utilities to recover shared savings incentives (profits) on compliance savings that are banked and used in a future year, without precluding utilities' recovery of profits in the year the savings occur as well.** This creates an opportunity for utilities to enjoy double profits for the same energy savings.
- **Sub. SB 58 allows each utility to decide – at its sole discretion – whether (a) the revised law applies to the utility while its existing plan is in effect, or (b) the utility has to follow its existing plan.** The bill is unclear what happens if the utility chooses to be subject to the revised law while continuing its existing plan and that plan conflicts with the revised law. The bill also allows a utility that elects to be governed by the revised law to choose not to be subject to a cost cap while its existing plan is in effect.
- **Sub. SB 58 specifies that, through a revenue decoupling mechanism, a utility may recover the applicable rate of return associated with the cost of providing distribution service – irrespective of whether the utility actually provides the distribution service to customers.** This is another example of SB 58's unwarranted giveaways to utilities.

[continued]

- **Sub. SB 58 expands what counts as renewable energy to include Ohio “run-of-the-river” hydroelectric generation facilities placed in service since 1980 or rated to operate at an aggregate of 40 Megawatts or more.** This provision runs counter to the intent of Ohio’s renewable energy policy, which is to incentivize new renewable generation sources – not generation sources that are 30-plus years old.

Sub. SB 58 remains a huge giveaway to electric utility companies. The bill unjustifiably overcompensates utilities, eliminates important customer protections and will drive up electricity costs for all customers for many years to come. In the interest of manufacturing competitiveness and consumer protection, the OMA strongly urges the Ohio Senate to reject Sub. SB 58.

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