



Memorandum

To: Christina O’Keeffe – Mid-Ohio Regional Planning Commission

From: Christopher Allwein – Kegler Brown Hill and Ritter

Date: January 4, 2017

**Re: Summary of MORPC Involvement and Case Outcomes in the
Columbia Gas of Ohio DSM Cases and the AEP Portfolio Case.**

I. Introduction and Summary

The participation of the Mid-Ohio Regional Planning Commission (“MORPC”) as an intervenor in the Columbia Gas Demand-side Management (“DSM”) Cases and the Ohio Power (“AEP”) Energy Efficiency and Peak Demand Reduction Portfolio (“POR”) case was beneficial in several ways. First, MORPC established itself as a capable and knowledgeable intervenor in Public Utilities Commission of Ohio (“PUCO” or “Commission”) cases. Next, MORPC advocated for and forwarded its position of employing utility-scale energy efficiency as a part of the solution to manage the expected, future growth within its region.

Finally, MORPC was able to secure a commitment from two Ohio investor-owned utilities for financial assistance to promote energy efficiency programs among its member governments. In the Columbia Gas cases, the natural gas utility agreed to assist with developing community-based weatherization initiatives, to include MORPC as a Home Performance Solutions contractor, and to provide financial support to further its local government energy partnership that involves energy benchmarking, energy audits, community education, and challenge programs and competitions, with an amount to be determined later. AEP also agreed to provide financial support for government energy partnership initiatives of at least \$50,000 per year for four years. Coupled with the funding

from Columbia Gas, MORPC may have available utility incentives of up to \$500,000 from the two Companies over the next several years to implement these initiatives.

II. Columbia Gas Demand-Side Management Cases

A. Columbia Gas Case Introduction and Background:

After several meetings with interested stakeholders during 2015-2016, Columbia filed its proposed DSM plan for approval by the PUCO on June 10, 2016.¹ The filing included a continuation of the Columbia Gas WarmChoice weatherization program for income-eligible Ohioans, but also included the continuation of several energy efficiency programs for non-low-income customers (“market rate programs”). As an interested stakeholder, MORPC intervened in these cases in order to: 1. Advocate for existing residential and commercial incentives; 2. Provide recommendations for development opportunities whereby its members would promote and institute additional energy efficiency measures within their communities, and; 3. Seek funding for these efforts. MORPC’s intervention was intended to advance the idea that employing Columbia’s proposed programs and securing modifications to increase participation by Columbia customers would assist with managing the expected growth within the region.

The filing was a continuation of Columbia’s DSM programs from the previous five years (2011-2016). These previous DSM programs enjoyed the broad support of all interested stakeholders, including the Ohio Consumers’ Counsel (“OCC”). OCC changed its position significantly leading up to these cases. OCC’s proposals included the elimination of all market rate programs and the dilution of the WarmChoice program (i.e., eliminating health and safety spending, and diluting the whole-house weatherization approach to the point of rendering income-eligible energy efficiency retrofits ineffective). At the end of the six-year term, OCC wanted the WarmChoice program to be discontinued. For justification, OCC cited low natural gas prices, low participation rates by customers in the current market rate programs, and what OCC considered to be a too-small pool of customers served by the WarmChoice program. Other than OCC, the only other stated opposition to the plan came from an environmental group and a customer aggregation entity, both of whom complained that the financial incentive for thermostats was too low.

The remaining intervenors,² along with MORPC, entered into a stipulation with Columbia Gas that was filed on August 12, 2016. Testimony supporting the stipulation was subsequently filed by the utility and certain intervenors. An evidentiary hearing was held on September 29-30 and October 3-4, 2016. MORPC participated in the hearing via

¹ The Columbia filing has two case numbers at the Commission: 16-1309-GA-UNC, and 16-1310-GA-AAM.

² The other intervenors supporting Columbia’s DSM plan were the Ohio Hospital association, Interstate Gas Supply, Inc., Ohio Partners for Affordable Energy, the PUCO Staff and the Retail Energy Suppliers Association.

counsel. Briefs were filed by intervening parties following the hearing. MORPC filed a separate reply brief. The Commission issued its Opinion and Order on December 21, 2016.

B. Columbia Gas Case Outcomes:

The Order by the Commission was a complete and comprehensive victory for Columbia Gas and the supporting intervenors, including MORPC. The Commission approved the Company's DSM plans and all modifications proposed by MORPC and other intervenors. More importantly, the Commission expressly recognized the importance of encouraging and continuing natural gas utility energy efficiency programs and addressed the issues presented by opponents.

The Commission noted that MORPC was a separate, "capable and knowledgeable" party:

MORPC's intervention and participation in these cases significantly contributed to the outcome. The Commission noted that serious bargaining occurred among the parties, which is a primary consideration when considering whether to approve a stipulation. The Commission pointed to Columbia's partnering with MORPC's local government energy efforts as an example. The Commission's decision further noted that MORPC was "capable and knowledgeable with respect to regulatory matters..." The Order dismissed OCC's attempts to mischaracterize MORPC's interests in the case as simply being a subset of the interests pursued by OPAE.

The Commission pointed out that the energy savings from the plan (both market rate and income-eligible) were significant:

The Commission noted that the lifetime savings of Columbia's proposed plans were 60.7 billion cubic feet of natural gas for an estimated total savings of \$492 million. In addition, certain retrofits would also save electricity and reduce water usage, chiefly due to insulation of residential homes. The proposed DSM plan retrofits also improve building occupant health and safety, create jobs and reduce customer arrearages. Finally, the DSM programs curb carbon dioxide emissions and fund the repair of wiring problems and gas leaks. These savings and improvements are administered by MORPC as a part its weatherization program activities and may also be a part of MORPC's future government energy efficiency partnership with Columbia.

The Commission continues to find value in natural gas utility DSM programs:

The Commission was not persuaded that current, low natural gas prices were a reason to discontinue DSM programs. The Commission noted that it "continues to find value" in these DSM offerings, when considering the demonstrable benefits, reasonably balanced

total costs and the minimization of impacts on non-participants. In fact, the Commission found that, when considering the total offering in Columbia's proposal as modified by the stipulation, that the period of low gas prices was a "particularly appropriate time to encourage and incentivize customer participation through the DSM programs." The Commission also recognized that conservation and energy efficiency are an integral part of natural gas policy. Thus, through its Order, the Commission is encouraging the efforts of Columbia Gas and the efforts of individual intervenors in energy-saving efforts.

III. Ohio Power Energy Efficiency Portfolio Case.

The AEP portfolio case did not include a hearing or any briefing. AEP worked with intervenors (similar to those in the Columbia Gas cases) to file a stipulation signed by most intervenors, including MORPC. The rest of the intervening parties, including OCC and industrial representatives, agreed not to oppose. The AEP portfolio of energy efficiency programs is also a continuation of previous programs offered to various customer classes, but was modified by a stipulation filed on December 9, 2016. Included in the stipulation was the support and funding for MORPC's local government initiatives:

Local Government Pilot Offering. The Company agrees to work with MORPC to develop a local government pilot offering that is similar to the Company's Community Energy Savers program but goes further to engage local governments and constituents in maximizing their energy efficiency efforts using a broad approach of utility programs and incentives, as well as financial and public/private partnerships. The Company agrees to work with MORPC and other potential partners to develop funding details needed for the pilot at a minimum of \$200,000 over the four-year Plan period. MORPC and the Company will discuss metrics and outcomes. If the pilot results in cost reductions and improved net benefits of the overall Plan, a performance based incentive will be considered by the Company that may increase funding. The Company will describe to, and offer a reasonable time for feedback from, the Collaborative on any proposed performance-based incentive before such incentive is implemented. Results of the pilot will be reported to the Collaborative by MORPC on an annual basis. This funding commitment will not increase the 2017-20 Plan budget.

This stipulation has not yet been approved by the Commission. However, the PUCO Staff is a signatory, and there is no opposing party. Thus, it is very likely the Commission will approve AEP's portfolio plan and stipulation. If Columbia's incentive is similar to AEP's, MORPC's funding will be approximately \$500,000 over the next four to six years. If MORPC demonstrates that its initiatives are effective at

saving energy and increasing customer participation, additional funding may be available from the two utilities.