



Mid-Ohio Regional
Planning Commission

Memorandum: House Bill 114

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Overview

The Mid-Ohio Regional Planning Commission (MORPC) embraces innovative directions in a variety of fields. Energy issues are at the top of the agenda for our local governments and their constituents. A top goal of MORPC's 2017-2018 Public Policy Agenda is to advocate for legislation and public policy initiatives that promote energy efficiency and an abundant supply of safe, reliable, and affordable sources of energy for our growing region.

The Senate Energy and Natural Resources Committee is currently considering House Bill 114 (HB114), which seeks to eliminate the state's energy efficiency requirements by making them voluntary and decrease energy efficiency benchmarks. The bill passed the House in March 2017 (65-31).

As the Ohio General Assembly continues to deliberate over HB114, leadership of the Regional Policy Roundtable and the Sustainability Advisory Committee have continued discussions and felt it important to review MORPC's prior stances on similar legislation. By doing such, the agency can better take a definitive position on HB114.

In its current form, HB114 is not consistent with MORPC's Public Policy Agenda. Therefore, MORPC will oppose the bill. Staff will continue to monitor the bill and MORPC will not change its opposition unless some significant changes occur. Be assured, if opportunities arise that allow MORPC to offer meaningful input to improve our state's energy and efficiency policies, we will advance ideas consistent with our Public Policy Agenda.

MORPC's Previous Positions on Similar Bills

The Ohio legislature passed SB221 in 2008, which established Ohio's Advanced Energy Initiative. SB 221 created standards for renewable energy, peak demand reduction and energy efficiency. In 2014, Governor Kasich signed SB310 which froze, for two years, the existing energy efficiency and advanced energy standards established through SB221.

During that time, the Ohio Energy Mandates Study Committee, established in SB310 and including members of the Ohio House of Representatives, Ohio Senate, and the Chairman of the Public Utilities Commission of Ohio, held hearings to study Ohio's renewable energy, peak demand reduction and energy efficiency standards.

Due to the freeze and the uncertainty it brought, MORPC adamantly opposed SB310. In addition, MORPC was concerned with language in SB310 that prohibited action on new proposed energy efficiency plans that electric utilities may propose to create additional benefits for their communities.

William Murdock, AICP
Executive Director

Matt Greeson
Chair

Rory McGuiness
Vice Chair

Karen J. Angelou
Secretary

In response to several recommendations made by the Ohio Energy Mandates Study Committee in the fall of 2015 concerning Ohio's Advanced Energy Initiative, the Regional Policy Roundtable and Sustainability Advisory Committee (SAC), in coordination with MORPC's Executive Committee, held joint meetings to deliberate on each of the five recommended actions provided by the Ohio Energy Mandates Study Committee. MORPC effectively utilized its committee structure to reach a consensus position on each recommendation. Most importantly, these recommended positions were in unison with both MORPC's Public Policy Agenda and Regional Sustainability Agenda.

In April 2016, MORPC's full Commission adopted a unanimous resolution on the Ohio Energy Mandates Study Committee Report with the following recommended approaches, provided in **bold** below:

1. Extend the SB 310 Freeze Indefinitely
 - **Actively oppose the indefinite freeze.**
2. Provide an Expedited Process at the PUCO for the Review of New Utility Plans for Energy Efficiency
 - **No action.**
3. Investigate and Ensure Maximum Credit for all of Ohio's Energy Initiatives
 - **Actively supportive of appropriate credits and recommend taking a closer look at details.**
4. Switch from Energy Mandates to Energy Incentives
 - **Actively supportive of a combination of mandates and incentives, with the idea that incentives will help meet the mandates.**
5. Declare the General Assembly Retains Statutory Authority with Respect to Energy Policy and Dispatch Protocols
 - **No action.**

With the two-year freeze deadline approaching at the end of 2016, Ohio legislators were in a hurry to pass HB554, a bill that reflected the recommendations of the Ohio Energy Mandates Study Committee. MORPC evaluated the bill through the positions the agency took on the recommendations of the Ohio Energy Study Committee.

The original version of HB554 was concerning. It included language that provided an indefinite freeze on renewable energy and efficiency standards. A substitute bill was soon introduced during the lame duck session that was more palatable to MORPC's interest.

MORPC Executive Director William Murdock submitted a letter to the Central Ohio Delegation that expressed MORPC's interested party position. We were pleased with the removal of the indefinite freeze language in the new version of the bill, yet remained concerned that the proposed standards were only goals until 2020, when they would again become requirements.

As an agency we were cautiously optimistic that these goal-based standards would work hand-in-hand with appropriate incentives, but were worried that a lack of requirements would cause a delay in the state's progress toward improved energy efficiency and greater use of renewable energy. Furthermore, a lack of enforceable standards could hurt economic development efforts and ultimately result in the state further weakening 2020's standards. We were hopeful more safeguards would be inserted so the targets in years 2017, 2018 and 2019 were met. They weren't. The General Assembly passed HB554, however Governor Kasich vetoed the bill citing that the bill would damage both the state's short- and long-term economic competitiveness.

House Bill 114

With a new veto proof majority, the Ohio House of Representatives swiftly passed HB114 in March. The bill currently resides in the Senate Energy and Natural Resources Committee and received two hearings in June. It has been reported that President of the Senate Larry Obhof is in no hurry to move on the bill due to HB554 being more contentious in the Senate. HB554 passed the Senate 18-13, with two Democrats, who were likely opposed, not participating. MORPC believes that if HB114 passes, it is unlikely the Senate would be able to override a veto from the Governor.

HB114 seeks to eliminate the state's energy efficiency requirements by making them voluntary and decrease the state's energy efficiency benchmarks. Energy efficiency benchmarks would be reduced to 17.2 percent from 22.2 percent by 2027 and mercantile customers may opt out of energy efficiency and peak demand reduction requirements. There is an appropriation in the bill for Low-Income Home Energy Assistance Program (HEAP), however similar language was included in the two-year operating budget.

Other than the weatherization funding provision in the bill, HB114 is not consistent with MORPC's Public Policy Agenda. It would create uncertainty in the market place and would deter customers from participating in renewable program.

Based on the agency's prior legislative activity on energy issues, MORPC will oppose HB114 unless some critical amendments are made. Staff will continue to monitor the bill.