



Fact Sheet

Strengthening Clean Energy in Ohio

New Law Requires Standards for Clean, Green Energy

Background



In May 2008, Governor Strickland signed a wide-ranging energy bill into law (Senate Bill 221), creating great promise for renewable energy and clean energy efficiency for Ohio. This bill was championed by the Ohio Environmental Council and many of our partners across the state.

Through implementation of this bill, Ohio will be able to decrease our contributions to greenhouse gas emissions, and diversify our state's energy portfolio to

include cleaner, more energy-efficient processes and renewable energy sources such as wind, solar, bio-mass, and water.

The Public Utilities Commission of Ohio (PUCO) is now responsible for deciding how rules will be implemented, in fulfillment of the new law, that will govern energy production and consumption in Ohio. The OEC is leading the effort to protect the legislative gains of SB 221 as the PUCO makes the rules and utilities begin to implement them.

What does SB 221 say?

SB 221 has two main sections. The first deals with rate issues - how much consumers pay for energy consumption.

The other section addresses advanced energy and energy efficiency, specifically, new energy-efficient standards required of public utility companies. For example, by 2025 utilities must achieve cumulative energy efficiency savings of 22% and provide 12.5% of their power through clean, renewable energy sources.

Since last May, the PUCO has been working to craft rules and regulations that will govern the activity of individual utility companies as they fulfill the requirements of the new law.

The OEC has been actively involved in the rule-making process from the beginning, offering comments to energy regulators, intervening in rate court cases, offering testimony, and writing legal briefs.

Challenges to implementing the law

SB 221 allows a great deal of discretion to the PUCO for implementation of the standards set by the new law.

Public utilities, industrial and residential consumers, and commercial users of electricity all attempt to influence the crafting of the rules used to implement the new energy-efficiency standards.

Utility companies will have the most to gain by watering down the proposed

renewable and efficiency standards. As an environmental watchdog group, the OEC is actively involved in the rule-making process to ensure strong standards remain in the rules.

The PUCO's original proposals were lacking in a number of areas. The OEC engaged the PUCO through established processes: official comments in rate-making actions and direct intervention in utility court cases.

Rule Making

The Ohio Environmental Council won significant concessions during the PUCO rule-making process and worked to improve the set of rules dramatically.

the procedures and involvement could be improved. To that end, the OEC asked for changes to better include the public during the rule-making process

The OEC advocated for:

1) Clearer definitions

Initial definitions offered by PUCO were unclear and in some cases counter-productive. The OEC asked for clarifications and improvements to definitions.

2) More transparency and public involvement

Though the PUCO did a good job of opening the door to public participation,

3) Stronger verification of savings

The OEC asked for better and stronger verification of the saving that will be realized through new energy-efficiency programs.

4) Limiting compliance loopholes for utilities

SB 221 included several loopholes that individual utility companies could exploit to avoid a portion of their savings requirement. The OEC advocated that these loopholes be closed.

Rate Cases

The OEC has fought each utility, such as American Electric Power and Duke Energy, in specific legal rate cases. The goal was to prohibit individual utilities from using the rule-making process to water down requirements and avoid compliance with the new efficiency standards.

These rate cases will occur every three years and OEC intends to participate to continue protecting the standards set by the new law.

Results

The OEC was able to extract significant concessions in rate case negotiations with utilities and, most importantly, through the rule-making process. As a result, the PUCO's rules on efficiency that were released in April are dramatically improved. (Read the rules at <http://dis.puc.state.oh.us/TiffToPDF/A1001001A09D15-B71334186575.pdf>)

Going Forward

Now, the OEC must play defense. Good efficiency rules have been proposed by the PUCO; the OEC must work to ensure that these rules are not watered down by utility challenges.

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