

MEMORANDUM

TO: Ryan Augsburger Lou Blessing Kim Bojko Neil Clark Trish Demeter Ted Ford Rob Kelter Terrence O'Donnell Dayna Baird Payne Cheryl Roberto Mark Shanahan Jack Shaner Bruce Weston

FROM: Senator Seitz

DATE: May 30, 2014

RE: Thoughts on Energy Reform Legislation and Next Steps

Congratulations on your hard-fought but ultimately (from your perspective) unsuccessful efforts in opposing energy mandate reform legislation in Ohio. Because we all play in the same sandbox and because we now move the discussion to the study committee created by SB 310, it might be a good time to reflect on how we got to this point. It might be useful to consider that experience as we move to the next phase of energy mandate reforms.

In order to start that process of reflection, I put together the enclosed summary of the principal differences between the Dash 8 version of SB 58 that was within hours of Senate Public Utilities Committee adoption early last December, and the final version of SB 310 that was signed by the Governor today. From my perspective, and I am more than willing to be educated on where I have erred, it would seem that your Nancy Reagan approach ("Just Say No") to these questions has not worked very well. As I predicted to many of you at the time, the temporary success of your anti-SB 58 campaign only resulted in an enacted bill that (correct me if I'm wrong now) serves the interests you represent less suitably than did SB 58 in its final form. So, thank you for being obstinate.

I will gladly concede that some of you found a Legislator or two who was willing to propose a last-second "compromise" of your generation - - one that was more trumpeted to the press than to anyone who would actually vote on the bill. While I do not consider that "compromise" to be substantively serious in any respect, I would note for the future that if you are serious about a compromise, it might be a good idea to work with the bill sponsor, committee chair, or leadership (or even all three!), and it might be a good idea to timely submit it. Both of these pieces of advice were ignored in the run-up to passage of SB 310, in both chambers.

Of course, your strategy going forward is strictly up to you. You get paid to develop it, not me. But from where I sit, what you have done to date begs the question "how's that

workin' out for ya?"

KEEPING SCORE?

| <u>SUBJECT</u> | <u>SB 58 (-8 version)</u> | <u>SB 310 (final)</u> |
|--|--|--|
| In-state renewable mandate | Eliminated effective 1/1/19 | Eliminated immediately |
| Definition of renewables | Same | Same |
| Advanced energy | Unchanged from SB 221 except more things can count/also count towards EE | Eliminated from portfolio |
| Streamlined opt-out, customers eligible to use | Same | Same |
| Streamlined opt-out effective date | Effective immediately | Effective, at the latest, 1/1/17 |
| Streamlined opt-out procedures | Slightly less onerous than SB 310 | Slightly more onerous than SB 58, -8 version |
| Counting reforms | More things counted than in SB 310 | Less things counted than in SB 58, -8 version |
| Renewables make up any shortfall in 2025 advanced energy benchmark | Yes | No. Advanced energy 12.5% requirement eliminated |
| On bill disclosure of mandate costs | No | Yes |
| Cap on what ratepayers pay for EE/PDR | Yes, capped at 2013 levels through 2025 | No |
| Annual benchmarks for renewables | Unchanged from current law | Frozen for 2 years, then? |
| Annual benchmarks for EE/PDR | Unchanged from current law but annual benchmarks somewhat adjusted/feathered between 2018-2025 | Frozen for 2 years, then? |
| What does NOT count for shared savings | Same as SB 310 | Same as SB 58, -8 version |
| Amount of shared savings | Capped as a percentage of the utilities' program costs | No statutory direction, presumably left up to PUCO |
| Study Committee and Potentially Further Legislation | No | Yes |