

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of Demand Side Management Programs for its Residential and Commercial Customers.))))))	Case No. 16-1309-GA-UNC
In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Change Accounting Methods.)))	Case No. 16-1310-GA-AAM

**REPLY COMMENTS OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

I. Introduction

The Retail Energy Supply Association (RESA)¹ submits the following reply comments to respond to certain initial comments submitted by the Ohio Consumers’ Counsel (“OCC”) and The Northwest Ohio Aggregation Coalition and its communities (collectively “NOAC”). RESA disagrees with OCC’s argument that the rebate for learning thermostats should be lowered to \$50 from \$75. OCC picked one of the cheapest learning thermostats as the basis for its \$50 rebate amount, while ignoring other models and brands as well as the total costs to a consumer of installing a learning thermostat. RESA also disagrees with OCC’s and NOAC’s broad contention that rebates are unnecessary within the DSM program. Incentives, such as rebates, benefit consumers, result in energy efficiency and can lead to the development of additional products for consumers. The stipulation’s provisions regarding rebates, as well as the stipulated amount of \$75 for learning thermostat rebates, are appropriate incentives to promote energy

¹ The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

efficiency all the while benefiting consumers. Those provisions support a finding that the stipulation, as a package, benefits ratepayers and is in the public interest.² As a result, the stipulation should be approved.

II. The stipulated rebate amount for learning thermostats is reasonable.

In opposing the rebate for learning thermostats and advocating for a reduced rebate, OCC claims that the agreed-upon \$75 rebate for learning thermostats is excessive and unreasonable because it amounts to 42% of the cost of learning thermostats.³ OCC's claim is wrong and misleading for several reasons.

First, OCC selectively cited only one model⁴ as the basis for its \$50 rebate even though there are many other learning thermostat brands and models. For example, Honeywell also manufactures and sells the Honeywell Lyric Round Wi-Fi Thermostat, the Honeywell RTH9590WF1011 Wi-Fi Smart thermostat and the Honeywell RET97A5E Wi-Fi Smart Thermostat in addition to the Honeywell RTH9580WF Wi-Fi Smart Thermostat (relied upon by OCC).⁵ Also available to consumers are the Nest Learning Thermostat with Built-In Wi-Fi and the ecobee Homekit Enabled E3 Thermostat with Build-In Wi-Fi, among other types of learning thermostats.⁶ The stipulated rebate amount takes into consideration the range of models and

² The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings. In conducting that analysis, the Commission considers whether (a) the settlement is the product of serious bargaining among capable, knowledgeable parties; (b) the settlement, as a package, benefits ratepayers and is in the public interest; and (c) the settlement package violates any important regulatory principle or practice. See, e.g., *Cincinnati Gas & Electric Co.*, Case No. 91-410-EL-AIR (April 14, 1994); *Western Reserve Telephone Co.*, Case No. 93-230-TP-ALT (March 30, 1004); *Ohio Edison Co.*, Case No. 91-698-EL-FOR, et al (December 30, 1993); *Cleveland Electric Illum. Co.*, Case No. 88-170-EL-AIR (January 30, 1989); and *Restatement of Accounts and Records (Zimmer Plant)*, Case No. 84-1187-EL-UNC (November 26, 1985).

³ OCC Initial Comments at 12. OCC advocates a \$50 rebate for Wi-Fi learning thermostats, \$25 rebate for Wi-Fi thermostats without learning capabilities, and no rebate for standard programmable thermostats. OCC Initial Comments at 27. RESA takes no position regarding OCC's arguments about the DSM program's rebate for standard programmable thermostats.

⁴ The Honeywell RTH2300B1012/A 5-2 Programmable Thermostat.

⁵ See http://www.honeywellstore.com/store/products.asp?friendly_url=thermostats.

⁶ See e.g. <http://www.lowes.com/pl/Smart-thermostats-Thermostats-Heating-cooling/4294721048> (accessed August 29, 2016).

brands of learning thermostats, many of which are of a higher quality or option level than the base model cited by OCC in its initial comments.

Second, not all learning thermostats are priced the same. OCC referred to an on-line price (from a secondary market seller) for one particular learning thermostat model. OCC neglected to inform the Commission that prices for many other types of learning thermostats are higher than the model and seller selected by OCC. For example, Home Depot sells online both the Honeywell Lyric Round Wi-Fi Thermostat RCH9310WF5003 and the Honeywell RTH9580WF Wi-Fi Smart Thermostat for \$199.99.⁷ Lowe's sells the Nest Learning Thermostat with Built-In Wi-Fi for \$249.00 and the ecobee Homekit Enabled E3 Thermostat with Built-in Wi-Fi for \$249.00.⁸ The wide ranges of models and prices that are significantly higher than the base model relied upon by OCC support the stipulated rebate amount of \$75 for smart thermostats.

Third, OCC ignores other known costs related to obtaining and installing learning thermostats. As many have experienced, installation costs for appliances and various household items like ceiling fans are not cheap, and a smart thermostat will require installation and possibly additional wiring, a new wall plate and repainting if the dimensions of the new thermostat vary from the old thermostat's dimensions. In fact, the same webpage cited by OCC lists installation costs at an estimated \$68 along with other accessories that may be needed (i.e. frequently bought together), such as a wiring module totaling an additional \$80 above and beyond the listed \$174.95 thermostat price.⁹ Adding all of these costs to a Nest thermostat would put the

⁷ <http://www.homedepot.com/b/Electrical-Smart-Home-Smart-Thermostats/Honeywell/N-5yc1vZc7clZqr/Ntk-SemanticSearch/Ntt-thermostats?Ntx=mode+matchall&NCNI-5> (accessed August 29, 2016).

⁸ <http://www.lowes.com/pl/Smart-thermostats-Thermostats-Heating-cooling/4294721048> (accessed August 29, 2016).

⁹ <https://www.amazon.com/Honeywell-RTH9580WF-touchscreen-Thermostat-required/dp/B00FLZEOH2> (accessed August 29, 2016).

minimum price for the consumer at well over \$300, a significant cost for consumers who in most instances have older working thermostats.

The learning thermostat rebate is intended to encourage customers to move to the next level of technology to replace older but working thermostats. OCC's request to lower that rebate amount to \$50 based on the price of a learning thermostat that is a base model and without considering installation and other hardware costs is not reasonable.

III. There are benefits to rebate opportunities being included in Columbia's DSM program.

NOAC complains that rebates, generally, are unnecessary because the market will sufficiently incent customers to purchase energy efficient equipment.¹⁰ OCC similarly contends in its initial comments that the Columbia DSM program with rebates is not widely beneficial to all customers because multiple measures are available today.¹¹ Columbia's DSM program, as stipulated, includes 12 different programs that provide multiple opportunities for Columbia's residential and commercial customers to save money, reduce usage, improve energy efficiency and/or become better educated. The Commission found, in reviewing the stipulation in Columbia's last DSM application docket, that these programs are beneficial to residential and small commercial customers and the public interest because they "are expected to promote the installation and implementation of energy efficiency measures and technologies in a cost-effective manner."¹² This remains true today. The rebate opportunities in the DSM program in particular offer specific incentives for many different customers to change their usage behavior via an assortment of energy efficient materials.

¹⁰ NOAC Initial Comments at 9.

¹¹ OCC Initial Comments at 2.

¹² *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of Demand Side Management Programs for its Residential and Commercial Customers*, Case Nos. 11-5028-GA-UNC et al, Finding and Order at ¶14 (December 14, 2011).

The stipulated rebate for learning thermostats is one such example. The rebate opportunity encourages customers to move to the next level of thermostat technology that customers might not otherwise implement, thereby improving energy efficiency. Learning thermostats are not just programmable thermostats. For example models with the proper functionality allow consumers to learn from their own usage behavior, allow consumers to control the climate in the location remotely, display energy consumption in real-time, and can even adjust temperature by sensing when a home is empty. Rebates for learning thermostats through Columbia's DSM program promote the installation and implementation of this specific energy efficiency measure and technology.

The Commission should retain the benefits of the rebate programs contained in Columbia's DSM program, including the learning thermostat program rebate. In addition, the Commission can recognize the benefits of Columbia's agreement in the stipulation to discuss mechanisms to streamline and/or enhance the rebate process associated with the Simple Energy Solutions program in the DSM program.

IV. Conclusion

The Commission has approved rebate opportunities for Columbia's DSM program in the past, and they remain a reasonable incentive mechanism for promoting the installation and implementation of energy efficiency measures and technologies. The stipulation's provisions improve rebate opportunities in the DSM program, which in turn can lead to additional energy efficiency gains and increased benefits for customers both financially and in the management of their household energy use. These benefits are in the public interest and support approval of the stipulation under the Commission's three-prong stipulation test. RESA respectfully requests that

the Commission approve the stipulation in this matter as presented and with no modification given that it is the product of serious bargaining, is in the public interest and does not violate any regulatory principle or policy.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to these cases. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 29th day of August 2016.

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