



OFBF Self-Help Energy Programs

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Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, OH 43215-3793

RE: Case Number 05-1500-EL-COI

In the matter of the Commission's
Response to Provisions of the Federal
Energy Policy Act of 2005 Regarding Net
Metering, Smart Metering and Demand
Response, Cogeneration and Power
Production Purchase and Sales
Requirements, and Interconnection.

Dear Sir/Madam:

Please accept for filing the enclosed comments in the proceeding detailed above.

Thank you.

Sincerely,

Dale R. Arnold
Director, Energy Services
Ohio Farm Bureau Federation

Original
Copy

The Public Utilities Commission of Ohio

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Comments of Dale Arnold, Director, Energy Services Ohio Farm Bureau Federation

I would like to thank the Commission for initiating an investigation focusing on the Energy Policy Act of 2005 (EPA Act 2005). I appreciate the opportunity to have served as a participant in all PUCO technical conferences and panel discussions related to this investigation, held in Columbus, Ohio, February 24 – April 6, 2006.

Commission Action Benefits Ohio Business and Consumers

Next to labor, energy is the largest single operational expense for many farming operations and agribusiness. Over the past three decades, members of the Ohio Farm Bureau Federation (OFBF) have appreciated actions taken by the Public Utilities Commission of Ohio (PUCO) to initiate new programs and simplify complex tariff provisions. In many cases these actions have streamlined procedures, making them more business and consumer friendly.

Commission action generates economic opportunity - Simplification of natural gas transportation service tariffs, creation of electric and gas customer choice programs, and community aggregation projects are helping many Farm Bureau members in urban, suburban and rural neighborhoods control part of their energy costs.

Creating an Effective Energy Use Strategy

Farm Bureau members continue to work with interested parties to tackle other parts of their energy bill. Our leaders have worked with engineers, independent consultants, public utilities and their non-regulated affiliates such as FirstEnergy's E-Group to identify technical applications that create effective energy use strategies.

For instance, in 2000-01 the Ohio Farm Bureau Development Corporation (OFBDC) working in cooperation with Montgomery County Prosecuting Attorney, Mathias Heck and other consumer groups received grant funding from the DPL Foundation, Dayton Ohio to conduct research projects focusing on energy efficiency, electric load profiling & data analysis studies on small and medium sized farming operations. Dayton Power & Light's sister company, DPL Energy Resources, conducted technical work for the project. Additional support was provided by funding from the Ohio Department of Development, Office of Energy Efficiency. Representatives from the University of Dayton conducted follow-up engineering studies focusing on identifying energy efficiency needs and technology applications that would reduce energy costs for farms and agribusiness.

The sample group represented every facet of agriculture and agribusiness found in Montgomery County, as well as all of Ohio Agriculture. Each farm in the study used a variety of lighting systems, electric motors, crop conditioning and feed processing equipment. Engineers involved with the project noted that similar hardware was being used by heavy industries in the area. They commented that similar analysis of industrial facilities lead to switching/refitting systems in many

plants. As a result, several of their industrial clients generated substantial reduction in their energy costs. These engineers felt that similar investigations on the farm could yield similar results. However, further research in the matter revealed that similar switching /refitting on the farm would yield little, if any cost saving results for agriculture.

Farm Bureau leaders, and the engineers working on the project wondered why. Their answer – While many industries run their equipment around the clock, generating 1000's of hours of electric need per unit per year, farms running similar equipment use it periodically, generating only 10's or maybe 100 hours of use. Given their time of use, many farms in the study were seen as already energy efficient.

Given that many farms by virtue of their size and need were using energy efficiently, many leaders involved in the project identified *strategic use of on-site generation as the viable next step to further reduce energy costs.*

Energy Technology Part of Risk Management Strategy

As part of an effective risk management strategy many farmers have already made investments installing on-site generation. Some farmers have traditional generators fueled by diesel fuel, gasoline, propane and/or natural gas. Others have, or are making plans to initially install or upgrade on-site facilities with viable renewable technology.

Few Ohio farmers want to be completely “energy independent” or “off the grid” and operate with no utility connection whatsoever. However, many would like to work with their utility and other reputable energy service providers to devise effective strategies, rate structures and programs where their on-site generation can be used in conjunction with utility generation to help reduce energy costs. Moreover, many would like to work with their utility to make their on-site resources available to help the neighborhood during times of peak energy demand and/or special need. When farmers have contacted their utility concerning this issue, many have been referred to a series of complex tariff procedures and service fees that make such a strategy possible, only after a considerable amount of service and legal fees. Many farmers feel that current regulations, tariffs and utility procedures in place are making the process logistically and economically impossible.

In short – Farmers want an easy to understand, *consumer friendly* application process and fees schedule that allows them to enroll in programs with complementary rate structures that take into consideration a specific, utility approved cost savings strategy. Part of this strategy should be an option that lets the utility use the on-site generation as an asset to help meet peak energy and/or special needs for the local neighborhood.

Commission Action Provides Foundation and Opportunity

Over the past several years the PUCO has worked with Ohio's legislative and regulatory leaders, utilities, advocates and consumer groups on regulations related to this issue. PUCO actions as detailed in cases 80-836-EL-ORD, 95-866-EL-UNC and 99-1613-EL-ORD provide a basic foundation. Consequently, investigation of the Energy Policy Act of 2005 (EPA Act 2005) as detailed in case 05-1500-EL-COI gives the Commission additional opportunities to help farm, business and residential consumers. Key provisions needing to become more *consumer friendly* include:

Section 1251 – Net Metering: Traditional rural areas within an hour of many of Ohio's metropolitan areas are now becoming suburban. Rapid expansion of residential development is putting more service demand on the local distribution infrastructure. Within the next few years current strategies for providing service in these areas, (increasing transformer capacity, etc.) will need to be revised. The cost of major refits for delivery infrastructure will be considered. Part of

an effective strategy that could help utilities reduce major refitting costs should be employing farming operations with on-site generation as additional, special need generation for the local distribution circuit.

Technical concepts and procedures associated with net metering provide a vital first step to execute this strategy. Farmers working in concert with the electric company, with properly installed equipment and managed under an approved utility plan can put additional generation into the distribution circuit when needed. Consequently, the farmer, his neighbors *and* the utility can benefit from this resource.

Section 1252 – Smart Metering: As an offshoot of the 2000-01 OFBDC study as detailed above, many farmers became aware that larger, industrial energy consumers are using technology to access/generate electric load profiling. Collected data is analyzed to pinpoint when and how electricity is used during the day. Working in concert with service providers and/or the utility (or their unregulated service affiliate) many industries have been able to devise strategies that help them control their peak demand and overall energy costs. Moreover, many industrial consumers network, share their load profiling data and tap into additional programs, products and services that help them improve their bottom line.

Farmers and other small businesses would like to have access to similar services. As of this date, little work has been done in Ohio on this issue. Technology is changing – Programs and equipment that cost thousands of dollars a decade ago are becoming more cost-effective. Given the report delivered by Brian White, Market Specialist for the Gulf Power Company during the PUCO's Technical Conference on Smart Metering & Demand Response, April 6, 2006, investor-owned utilities in other states are making these "smart metering" programs available to consumers with electric requirements similar to Ohio based farms and small businesses. More work needs to be done to initiate such a program for Ohio consumers.

Section 1253 – Cogeneration, Small Power Production & Sale Requirements: Many farmers have already made investments installing on-site generation as part of an effective risk management strategy. In the event of a critical need and/or outright power failure, on-site generation provides power for critical HVAC systems related to animal husbandry, feed processing, water supply, grain conditioning and other farm operations. Working in concert with systems and procedures related to net metering and smart metering as detailed above, farmers should have the opportunity to install cost-effective, utility approved, automatic switching systems that activate on-site generation in the event of need.

Many farmers are interested in working with their utility to install switching systems that can be activated by the farmer on location, or by the utility via radio and/or telephone modem control. Think about it – During times of peak demand the switching system could dispatch on-site generation into the local distribution system to supplement neighborhood energy requirements (using net metering concepts), or use interruptible service techniques to disconnect the farm from the distribution system, leaving it operational via its on-site capabilities. Removing the farm's power demand translates to more utility sourced power available to meet the needs of other customers in the neighborhood (using smart metering concepts).

To promote participation in this program, the utility should offer the interested farm or business a special (and more cost-effective) rate structure. Several investor-owned utilities in the western United States are implementing this service. Why can't we do it in Ohio?

Section 1254 – Interconnection: As detailed in state and federal law, the role of energy policy is to guide efforts leading to a variety of public benefits. Stabilizing energy prices; helping to control/lower energy costs; ensuring system reliability, and introducing viable new technology are objectives detailed in many policy documents.

To achieve these benefits - including those found through utilization of net metering, smart metering and co-generation/small power production and sale requirements - streamlined interconnection is the key. A consumer-friendly interconnection strategy recognizing new, cheaper technology; employing nationally recognized installation/use standards ensuring power quality protection, and promoting uniform safety standards would be an economic benefit to consumers and utilities alike.

Summary and Recommendation

The U.S. Department of Energy - Energy Information Agency's *Annual Energy Outlook 2006* reports that all consumers - Industrial customers, small businesses, homeowners and farmers are facing supply and demand trends that reveal steadily increasing energy costs through the next two decades. The report recommends that consumers, utilities and government leaders work together to create and implement innovative strategies to help control rising energy costs.

Farmers see the opportunities - They want to work with their utilities and other service providers to devise strategies that help everyone - friends & neighbors, their community and their utility - address this challenge. However, the plan needs to be understandable, simple to implement and economically feasible. Our government leaders have an important part in developing this strategy.

I recommend that the Public Utilities Commission of Ohio use information obtained during its technical conferences and panel discussions held in Columbus, Ohio, February 24 - April 6, 2006 as a start. The next step should be an open, formal hearing process leading to full Commission consideration of an Order detailing procedures for clear-cut, *consumer friendly* fees, rules and procedures fulfilling requirements detailed in Sections 1251-1254 of the Energy Policy Act of 2005.

Thank you for your consideration.