



**MINUTES OF THE
THREE HUNDRED AND SIXTY-FIFTH MEETING
OF THE OHIO CONSUMERS' COUNSEL GOVERNING BOARD
September 16, 2015**

Members Present: Mr. Gene Krebs, Chairman
Mr. Frederick Cooke
Mr. Roland Taylor
Mr. Michael Watkins
Mr. Fred Yoder
Mr. Stuart Young

Members Absent: Mr. Jason Clark
Ms. Sally Hughes
Ms. Kelly Moore

Guests: Ms. Lindsay Shanahan, Connect Ohio
Mr. Stu Bresler, PJM (WebEx Video Conference)

CALL TO ORDER:

Chairman Krebs called the meeting to order at 9:06 a.m. He greeted those in attendance.

APPROVAL OF MINUTES:

Chairman Krebs invited a Motion to approve the meeting minutes of July 21, 2015. Mr. Watkins made a motion to approve the minutes. The motion was seconded by Mr. Young. Ms. Edwards called the roll and the minutes were approved unanimously.

There was discussion about the process and timing for electing a new governing board Vice-Chair. It was determined that the Board election of a new Vice-Chair would not be held during today's Special Board meeting. Chairman Krebs concluded the discussion by stating that the election of a new Vice-Chair would take place at the regularly scheduled November meeting.

PJM PRESENTATION – BY STU BRESLER:

Consumers' Counsel Weston introduced Mr. Stu Bresler, Senior Vice President of PJM, who made a presentation by telephone. Mr. Weston noted that PJM has a great impact on rates that Ohio

consumers pay for electricity. PJM is one of the regional transmission organizations in the country, and is needed to have competition for electric generation service.

Mr. Bresler is responsible for all aspects of PJM's market operations, including capacity market, real-time energy markets and demand response. Mr. Bresler also administers the competitive wholesale electricity markets. Additionally, he is responsible for the continuing evolution of integration of renewable resources into the system.

Mr. Bresler expressed thanks to Mr. Weston for the opportunity to present before the Governing Board. Mr. Bresler stated that he would provide the Board members with an extended overview of PJM.

PJM's responsibilities focus on three main items. The first is most critical, being to maintain the second-by-second, minute-by-minute reliability of the bulk power transmission grid. Mr. Bresler said "if PJM doesn't keep the lights on – very little else matters."

Mr. Bresler described the second item as operation of transparent, open nondiscriminatory electricity markets. Operation of the wholesale electricity market is intended for the sole purpose of reinforcing reliability of the transmission grid. The market PJM operates is intended to create, maintain and transmit price signals that provide physical asset holders with the financial incentives to act in a manner that reinforces reliability.

The third focus area is basically an extension of the reliability mandate. It is planning the transmission system with an up to 15 year outlook horizon to ensure that the reliability of that transmission grid will be maintained into the future. PJM monitors the entire footprint and directs the operation of the transmission assets and dispatches the generation facilities in a least-cost manner.

Mr. Bresler noted one of the challenges evolving over time to be electricity demand and where demand is headed. Additionally, he noted that instances of extreme weather on the earth and in space with respect to the ratio of storms, and front line winds, superstorm Sandy, the polar vortex and other winter storms, would have a potential impact on the electric grid. Other challenges that bring uncertainty are the world's largest fuel switch in history, retirement of well over 20,000 megawatts of coal resources within the PJM footprint, and replacement of the majority of those resources with more efficient cleaner natural gas resources. Another challenge Mr. Bresler noted in the discussion is the coordination of intermittent resources (wind and solar) into the grid operation.

Mr. Bresler referred to the PowerPoint slide titled “The Future Ain’t What it Used to Be”. He discussed long-term research needs versus near-term trends. He also talked about effects the industry has seen over the last 10-15 years in taking a look back from where we were at the turn of the century compared to where we are today. He noted that natural gas has overtaken coal as far as the primary source for capacity resources at PJM.

Mr. Bresler talked briefly about capacity and energy markets. He described the energy market as what we think about in terms of electricity delivery. He gave an example of flipping a light switch – lights come on, energy is being transmitted. He noted that energy is consumed the instant it’s generated. The energy market operates in real time. Capacity, on the other hand, is assuring that for the long term we will have an adequate quantity of resources in the necessary locations to be able to reliably serve peak loads in the future (3-years forward).

Mr. Weston asked Mr. Bresler to highlight how demand response and energy efficiency impact millions of Ohio households for electricity. Mr. Weston asked Mr. Bresler to expound upon what Ohioans pay for electricity and why.

Mr. Bresler shared that from the standpoint of a capacity market the capacity cost typically amounts for somewhere between 10-15% or so of an end-use customer’s electricity bill. Mr. Weston noted that at one time the state regulators controlled the cost – but that is no longer the case.

Mr. Weston asked Mr. Bresler to elaborate on competitive markets and separate the economic power plant from the uneconomic power plant and what are the impacts that are favorable for Ohio consumers. Mr. Bresler stated that the separation in concept was based on competition. The inefficient power plants were those that had significant capital investment required to meet environmental regulations. Those types of conditions bear themselves out in the economics of their offers into a market. A resource that is inefficiently operating and has a high cost of operation can’t submit an offer that is below those costs because of the risk receiving a price on the market that is below and unable to make ends meet.

In closing, Mr. Bresler opened the floor for questions. Mr. Weston asked Mr. Bresler to explain how the market for PJM administers the construction of new or efficient power plants, if that’s what they do. Mr. Bresler explained that the energy market revenues contribute to a decision to construct a new power plant and the other contributor is the forward capacity market. Ms. Evelyn Robinson of PJM expressed appreciation for the opportunity and extended an invitation to visit PJM.

RECOGNITIONS:

Chairman Krebs informed the Board members that Attorney General DeWine appointed Ms. Kelly Moore to the Board. He also extended congratulations to Mr. Clark and Mr. Young on their reappointments to the Consumers' Counsel Governing Board.

Dan Shields gave a brief introduction of Colleen Shutrump, new Resource Planning Advisor at OCC. He shared that Ms. Shutrump served as an Electricity Analyst and Advisory Staff member for five years at the Indiana Utility Regulatory Commission.

PRESENTATION ON U.S. CLEAN POWER PLAN – BY KYLE KERN:

Kyle Kern presented to the Governing Board an overview of the U.S. Clean Power Plan (CPP). She stated that in August 2015, the U.S. Environmental Protection Agency (EPA) released the Clean Power Plan rules. She provided the Board with background information on how the regulations might impact Ohio electric utility customers.

Ms. Kern informed the Board that in 2030, when the Clean Power Plan is fully in place, the carbon pollution from the power sector will be 32 percent below 2005 levels. She presented a chart that reflected the three “building blocks” of the CPP. She mentioned that the “building blocks” are (1) operating generation facilities more efficiently, (2) shifting generation from higher emission coal-fired plants to lower-emitting natural gas, and (3) shifting generation to clean energy renewables. Ms. Kern added that the “building blocks” are designed to meet lower emissions targets, in which states will be permitted to develop individual plans or multi-state plans.

The Chairman then called for a brief meeting break.

PRESENTATION ON OHIO FAIRS – BY RAY FOELLER:

Mr. Weston expressed appreciation of the Board's interest in the agency attending fairs to meet Ohio consumers. He then introduced Ray Foeller, Senior Outreach & Education Specialist, as presenter regarding Ohio Fairs. Mr. Foeller provided the Board members with a list of the fairs attended by the agency during July – September.

Board members expressed interest in receiving advance notice of fairs the agency will be attending, so that they might visit. Mr. Weston stated that members would receive notice of future fairs.

REPORT OF THE CONSUMERS' COUNSEL – BY BRUCE WESTON:

Consumers' Counsel Weston provided information to the Board regarding reduced regulation of

telephone service quality, in response to a question at the previous meeting. He explained how the current regulations apply mainly to basic service.

Mr. Weston spoke briefly about the agency's 40th anniversary. He shared with Board members that the agency is currently planning for the occasion and welcomed them to share their suggestions and ideas. Chairman Krebs expressed interest in having an evening celebration.

Mr. Weston also informed Board members of the complaint against Duke Energy that OCC filed (together with another consumer group) on September 15, 2015. The agency requested relief for residential customers from unlawful and unreasonable disconnection practices of Duke Energy, Ohio, Inc.

**PRESENTATION ON OHIO'S BROADBAND LANDSCAPE
BY LINDSAY SHANAHAN OF CONNECT OHIO:**

Ms. Shanahan provided Board members with information about Connect Ohio. She shared that Connect Ohio was Ohio's nonprofit broadband leader and that they advocate connecting communities and expanding broadband access. She added that their key services include broadband mapping, research, visualization, technical assistance, community planning along with broadband policy monitoring, and analysis at the state and federal levels. Ms. Shanahan also shared that Connect Ohio is working to make high-speed internet service available statewide.

Ms. Shanahan spoke briefly about MyConnectView, which is an interactive mapping tool available to the public. She shared that some of its key features include the ability to search by location, locate providers, display coverage and extract demographics. Additionally, the tool is capable of showing served and unserved areas, customizing maps and more. Ms. Shanahan also demonstrated its use for the Board.

The discussions also pertained to Ohio's broadband access. Ms. Shanahan provided charts detailing the density of households unserved by a broadband provider, by census block. She also shared charts on fixed broadband competition by speed of service and broadband availability, noting trends in residential broadband availability by speed.

Ms. Shanahan also talked with Board members about the Connect America Fund (CAF) Phase II in Ohio. She highlighted a chart that reflected providers, annual subsidy offered as well as locations in eligible areas. Additional discussion points were centered on outreach programs, adult use of internet and digital disparities.

EXECUTIVE SESSION:

At 11:50 a.m. Chairman Krebs invited a motion for the Governing Board to enter executive session. Mr. Cooke made the motion to enter executive session. The motion was seconded by Mr. Yoder. Ms. Edwards called the roll, and the motion was approved unanimously. The Board then entered executive session.

The Board resumed the public session at 12:17 p.m. Chairman Krebs stated that no action was taken in executive session.

CLOSING COMMENTS - BY CHAIRMAN KREBS:

Chairman Krebs announced that the next Governing Board meeting is scheduled for November 17, 2015.

With no further business the meeting adjourned at 12:20 p.m.

I verify that the above meeting minutes have been approved and ratified by the OCC Governing Board on this 17 th day of November, 2015.



Gene Krebs, Chairman
Ohio Consumers' Counsel Governing Board



Mary V. Edwards, Secretary
Ohio Consumers' Counsel Governing Board