

Opponent Testimony of

Greg Bechert
Partner, Scioto Energy
Board Member, the Energy Professionals of Ohio

Regarding House Bill 178

Before the House Public Utilities Committee

May 9th, 2017

Chairman Seitz, Vice Chairman Carfagna, Ranking Member Ashford, and members of the committee, thank you for allowing me to testify today. My name is Greg Bechert and I'm one of the owners of Scioto Energy and a board member of the Energy Professionals of Ohio (EPO). The EPO has been in existence since 2014 and represents energy consultants and suppliers in Ohio.

I think everyone understands what a competitive supplier provides here in Ohio by now. What some people may not be so clear on, including policymakers like you, is what the energy consultant does. We serve customers by helping them wade through the dozens of offers for energy service they may receive.

Just like a financial planner helps people evaluate different financial products based on the customer's risk profile and needs, we help customers choose the right energy product for them based on corporate goals, risk appetite or a combination thereof. We are experts in energy markets and its respective contracts and can provide guidance with the myriad of products in the marketplace today. These products run the gamut of complexity ranging from a relatively basic fixed rate for a period of time up to complex index structure allowing for strike prices to be transacted upon predetermined market signals.

As a customer representative, the EPO must oppose House Bill 178 because it will unnecessarily raise electricity rates for consumers and have a lasting negative effect on the electricity market here in Ohio in multiple ways.

The first way is via the direct rider that is contemplated in HB178 to subsidize FirstEnergy's nuclear fleet. This rider will be capped at 5% but allow for any amount over that 5% to be deferred and booked as a regulatory asset to be collected later. That latter part, allowing for charges above 5% to be booked as a regulatory asset all but guarantees customer's will be paying for these power plants for a period even longer than the 16 years contemplated by the legislation.

Second, the bill will likely create increases in a customer's generation side of their bill. Subsidizing one select group of power plants will create uncertainty in the market. Parties

simply won't know until they know how these subsidies may affect prices. This uncertainty will likely result in price increases as the market adapts and absorbs the subsidized power plants.

These subsidies and the increases they will inflict upon the ratepayers are unnecessary. At this point in time, it's unclear if the nuclear plants will shut down, but should that be the case Ohio already has enough generation sited and/or being constructed to fill the void. Should a third-party purchase the plants they will likely continue to operate and provide tax revenue to their local public jurisdictions.

While HB178 does not impede or stop ratepayers in Ohio from choosing an alternative supplier, it will certainly add an additional, non by-passable cost component to a group that for nearly a decade now has proactively taken steps to make smart, economically beneficial choices for their business or home. Saddling fiscally responsible ratepayers in Ohio with decades of unnecessary riders will undoubtedly cost Ohio jobs.

Thank you for the opportunity to testify today. I'm happy to answer any questions the committee may have.