



May 8, 2019

Ohio House of Representatives
Energy & Natural Resources Committee
H.B. 6

Chairman Vitale, Vice Chair Kick, Ranking Member Denson and members of the House Energy and Natural Resources Committee, thank you for the opportunity to offer remarks at today's hearing.

On behalf of AMP, OMEA and Ohio's municipal electric communities, I am writing regarding House Bill 6, to express appreciation for your recognition of the unique role municipal electric systems have in Ohio and to outline some of the concerns with the legislation due to its potentially significant cost impact on AMP and our member municipal electric communities.

American Municipal Power (AMP) – headquartered in Columbus – is the wholesale power supplier and services provider to 135 municipal electric systems in nine states. The Ohio Municipal Electric Association (OMEA) serves as the legislative liaison for 80 of Ohio's 89 municipal electric communities and for AMP. Ohio's 89 municipal electric systems account for approximately 5% of the electric sales in Ohio and serve approximately 400,000 residential, commercial and industrial meters. In 2018, the non-coincidental peak for our Ohio member communities was approximately 2,200 megawatts (MW). Ohio municipal electric systems range in size from Cleveland Public Power with 73,000 meters to the City of Toledo with one meter. The majority of our member communities are villages. As non-profit entities, municipal electric systems exist to provide reliable, affordable electric service to their customer-owners. Ohio's municipal electric systems are locally owned, managed and governed.

As mentioned, we appreciate your recognition of the unique role municipal electric systems have in Ohio and the legislation reflects that by exempting our members' customers from the surcharges proposed in the legislation. This is consistent with historic practice and in recognition of the Ohio Constitution's Home Rule provisions, which governs Ohio's municipal electric utilities. The local decision making authority helps to allow AMP to retain strong ratings from Wall Street rating agencies, which in turn helps to allow for the development of generating assets that benefit our residential, commercial and industrial customers.

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MARYLAND BERLIN **MICHIGAN** CLINTON • COLDWATER • HILLSDALE • MARSHALL • UNION CITY • WYANDOTTE **OHIO** AMHERST • ARCADIA • ARCANUM • BEACH CITY • BLANCHESTER
BLOOMDALE • BOWLING GREEN • BRADNER • BREWSTER • BRYAN • CAREY • CELINA • CLEVELAND • CLYDE • COLUMBIANA • COLUMBUS • CUSTAR • CUYAHOGA FALLS • CYGNET • DELTA
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Within the last 15 years, AMP and our members have invested more than \$6 billion in energy generation resources that have resulted in thousands of jobs and significant new generation assets in Ohio and the region.

Ohio's municipal electric communities have been at the forefront in the development of clean energy resources in recent years. In 2017, AMP completed the largest development of new, clean, run-of-the-river hydroelectric generation, bringing more than 300 MW online at four projects located at existing locks and dams along the Ohio River. AMP is currently working with a third party entity for the development, construction and operation of up to 80 MW of new solar electric generation facilities. That consists of more than 30 MW located in Ohio (with additional planned), including the 20 MW solar farm in Bowling Green, currently the largest solar project in Ohio. AMP also developed the state's first utility scale wind farm in 2003, a 7.2 MW project in Bowling Green. In addition, AMP has purchase power agreements with competitive developers for landfill gas (approximately 67 MW) and wind power (52 MW).

AMP also owns the Fremont Energy Center, a 675 MW natural gas combined cycle (NGCC) facility in Fremont (Sandusky County). AMP purchased the facility from FirstEnergy in 2011, which now supplies power to 65 participating AMP members in Ohio.

We are concerned about the legislation's potentially significant negative financial impact on our members' well-intentioned investments and the resulting burden on their customers. As the bill is currently written, AMP's, our member's and our partners' facilities would be unable to qualify for funding under the newly created Ohio Clean Air Program (OCAP). The elimination of the renewable portfolio standard is expected to cost Ohio's municipal electric customers many millions of dollars. Additionally, the subsidization of certain resources to the exclusion of others will have a market impact - an exact estimate of which is difficult due to the unknowns, including but not limited to the future resource mix in Ohio and the region (from the perspective of both the resources that will be constructed and which resources will clear the PJM auctions and run) and the regulatory uncertainty associated with imminent action from FERC and PJM related to state subsidies of generating resources.

The proposed amendments we submitted would ensure our facilities qualify as eligible resources and provide municipally owned clean energy facilities the opportunity to apply for funding under the newly created OCAP - without any guarantee that we would receive funds. However, those amendments were not included in the substitute bill.

We encourage the committee to favorably consider our amendments which will mitigate the negative impact on Ohio's municipal electric systems and their customers.

Thank you again for this opportunity.