

Chairman Callender, Vice Chairman Wilkin, Ranking Member Smith, Members of the House Public Utilities Committee, thank you for giving me the opportunity to bring before you House Bill 247.

The electric regulation in the state of Ohio has undergone a dramatic shift over the past two decades. Further, the electricity industry as a whole has experienced fundamental changes on a scale not witnessed since the inception of the electric system. The electric infrastructure, laws, and regulations must evolve to respond to these changes in order to meet society's needs, customers changing expectations and preferences. The evolution has already begun and overtime it will have significant implications for reliability, operations, security, resilience, and consumer choices.

This dramatic shift has created a situation where our laws do not account for current realities. HB 247 is needed to update and reform the outdated laws adopted at the end of the 1900's, prior to tremendous technological advancements. The proposed legislation enables electric utilities to compete on a level playing field for customer-focused energy services and products. The bill also includes important provisions for utility infrastructure which supports economic development.

This legislation attempts to strike a solution that is balanced and fair. Nothing in House Bill 247 prohibits competitive retail electric marketers from continuing to offer the same products and services. It simply allows electric utilities to serve customer needs in a competitively-neutral manner and with consumer protections for non-participating customers.

Under House Bill 247, electric utilities would be permitted to compete on a level playing field for customer-focused services and products. Consumer safeguards are included to require voluntary services at customer's election, subsidy prohibition, separate accounting requirements, and prohibition of recovery of costs in general rates. The PUCO will have continued oversight of corporate separation plans including these consumer and competitive protections.

We do not want Ohio to fall behind. We need to have a smart electrical grid and all the benefits that go along with it. Some electric utilities are or already have done so, begun full scale deployment of new smart meters. However, this is only one piece of the puzzle. Think of smart meters as the foundation on which we need to build a house around.

The legislation gives electric utilities the ability to offer other advanced services to its customers such as: advanced metering and automation; automation of system functions; battery technology; demand response and other energy management technologies; distribution automation; electric vehicle charging stations and associated equipment or infrastructure; energy monitoring and control devices; lighting controls and other smart controls; micro grids; physical and cybersecurity technologies; and Volt-VAR optimization.

Additionally, the legislation provides electric utilities additional tools to court economic development projects. By allowing electric utilities to build out infrastructure, including

line extensions and substations for energy intensive projects, we can compete better with other states. Vertically integrated electric utilities (own generation, transmission and distribution) in neighboring states, can offer customized services that provide an advantage, while Ohio utilities require customer aid in construction (CAIC) of 40 percent of the overall costs. These CAIC charges can be significant hurdles and can be millions of dollars for a large project.

Economic development projects continue to have increasingly shorter time lines. They need 21<sup>st</sup> century buildings and authenticated sites with utilities available. It takes time to build that infrastructure. House Bill 247 attempts to rectify this by allowing an electric utility to make a filing before the PUCO, in conjunction with local and/or state economic development officials, to get recovery to help plan, develop and construct electrical infrastructure for economic development purposes.

Chairman Callender, Vice Chairman Wilkin, Ranking Member Smith, thank you again for your time and I look forward to working with you, members of the committee and interested parties to advance and make improvements to House Bill 247. I would be happy to answer any questions.