

HB 247 - Proponent Testimony Judi Sobecki, DP&L

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Thank you Chairman Callender, Vice Chairman Wilkin, Ranking Member Smith and members of the Committee. I am Judi Sobecki, Vice President and General Counsel for The Dayton Power and Light Company, and I thank you for the opportunity to testify in favor of House Bill 247.

This is timely and important legislation for our customers, the region, and The Dayton Power and Light Company. Almost monthly, new innovations are springing up that have the potential to:

- improve service to customers,
- create value for them by offering more information and control over their electric usage;
- and do so with increased efficiency and decreased costs.

Overall, the bill focuses on three areas. First, it promotes smart grid technologies and enables electric utilities to compete on a level playing field with other market participants, to offer customer-focused energy services and products. Second, it updates corporate separation laws to enable this enhanced competition, and finally, the bill includes provisions supporting state-wide economic development.

Before discussing these items, I'd like to share with the Committee some of the changes within the industry, and at our company, since Ohio's last significant policy update. The most far reaching legislative changes occurred in 1999, when Senate Bill 3 set up Ohio's competitive landscape for retail electric service and started down the path to eliminate utility-owned generation. At that time, DP&L was a stand-alone company with ownership interests in about 4000MW of generation. A few years after the passage of SB3, DP&L created an affiliated Competitive Retail Electric Service provider which supplied electricity initially across Ohio and eventually into Illinois.

With the passage of twenty years, the discovery of shale gas in Ohio, the advances in electric vehicles, battery storage technologies and other changes, it is certainly time to update how we serve Ohio's electric utility customers. Today's utility companies barely resemble those of 1999. For its part, DP&L is now part of The AES Corporation based in Arlington, VA. AES operates in 14 countries as a customer-centric energy company transforming itself to offer customers the benefits of a digital grid and sustainable, environmentally friendly generation that is facilitated by battery storage technology.

DP&L has retired or sold all its fossil fuel generation assets and sold our CRES business. At AES and DP&L, we see exciting developments coming that create new value for customers. House Bill 247 takes steps to bring these industry-wide transformational changes to Ohio.

While utilities already can implement smart grid technologies, often there are debates about what should or should not be included in such mechanisms. Terms such as “smart grid” and “distribution modernization” become generic creating further confusion within the industry and for customers. This bill provides clarity to help delineate between what constitutes a “smart grid” technology. This bill also ensures that utilities will be able to quickly deliver the smart grid platform that will unlock further potential technologies and options for all customers.

Those customers are requesting new services and benefits. To meet these customer demands and provide more options, HB 247 adds customer-focused energy services and products to the menu that they may choose from. This legislation clarifies that utilities may proactively help customers take control of how they use energy. Not all customers are going to want all these services but making those options available to those who do want them is going to spur growth, improve our state and local economies, and increase overall customer satisfaction. This will put Ohio at the forefront of this rapid change in the energy sector, rather than lagging behind with 20-year old policies.

To be clear, please do not allow this bill to be confused with the competitive sale of electricity as a commodity in the competitive market. Customer-focused energy services and products are different. And, House Bill 247 does not suggest limiting the pool of companies offering these services – we embrace the opportunity for other providers to design and offer their own services. We believe there will only be truly robust competition with innovative products and services when the utility fully participates in offering services to its customers. In fact, House Bill 247 not only levels the playing field, it builds guardrails providing fairness and market confidence so that no utility may cross-subsidize its customer focused energy services and products from other parts of its regulated business.

DP&L is pleased to support the economic development proposals in this Bill. DP&L supports this concept, believes it to be vitally important to bring new businesses and jobs that will continue our community’s recovery and growth.

Mr. Chairman, House Bill 247 removes barriers, updates our state law and unlocks value so our customers may receive the personalized services they are asking their electric utility to provide. This concludes my testimony and I’m happy to respond to questions.