

OHIO HOUSE OF REPRESENTATIVES PUBLIC UTILITIES COMMITTEE
JANUARY 23, 2018

PROPONENT TESTIMONY
HOUSE BILL 247

BARRY MATCHETT
DIRECTOR EXTERNAL AFFAIRS, NRG ENERGY, INC.

Mr. Chairman, vice-chair Carfagna, ranking member Ashford and members of the committee, my name is Barry Matchett. I am Director of External Affairs for NRG Energy. It is a pleasure to speak with you again today.

NRG Energy is one of the largest independent power producer in the country. We have 48,000 megawatts of generation capacity in virtually all organized markets including Ohio. We also operate several retail electric companies, providing a wide suite of energy choices to over three million residential, commercial and industrial customers, including tens of thousands here in Ohio. We are proud of our work in the many communities where we are important members of the business and civic communities.

As you have heard from many proponents, House Bill 247 has 3 key components;

- Correction of a long past court case, known as the Keco decision, to allow refunds to consumers when rates are deemed improper by the Supreme Court or other appropriate authority. This is a common sense reform.
- Elimination of the electric security plans (ESPs) where many above-market, non-bypassable charges are contained. While the ESPs were useful at the time of inception, their use in the last several years to prop up non-competitive generation has caused electric rates in Ohio to increase at a time when they should have been decreasing. As Doctor Hill has testified to this committee in the past, the increases we've seen on Ohio bills has been on the regulated side, through the ESPs, not on the wholesale side. It's time to eliminate this program.
- Finalization of corporate separation of generation assets from regulated utilities begun in 1999. This is critically important to the wholesale generators in Ohio. Functional but not structural separation has allowed perverse incentives for the incumbent utilities to flourish. They have responded rationally to those incentives at the expense of their customers and the rest of the industry. Given that multiple billions of dollars have been and are being invested in the Ohio energy market, it's 20 years past the time to take the training wheels off the competitive market and fully separate generation companies from distribution utilities.

These are all worthy policy goals and extremely important issues for Ohio consumers, especially large energy users like manufacturers who form the foundation of the Ohio economy.

So why as an independent power producer are we supportive of this legislation? We believe Ohio has built a robust and competitive market for power generation that can grow to the benefit of both consumers and power generators who operate efficiently and effectively. We have testified in opposition to many out-of-market charges being proposed and considered by this

General Assembly in order to preserve this robust market. But rather than continuing to just oppose other proposals, we believe that the better approach is to support HB247 and embed these pro-market policies into the Ohio law thus protecting the market and its benefits for all.

Let me also be clear that this is a compromise bill from the start. Many parties have been involved with disparate business models and goals. I will admit there were many proposed items that my own company would have liked to have seen included in this legislation. But what you have before you is a solid base of reforms to protect and preserve the robust and developing energy market here in Ohio primarily to the benefit of customers.

There is no one who can point to this bill and say, here is a windfall for this group or a subsidy for that company. The biggest winners will be your constituents, the small businesses in your district, the manufacturers and the average Bob and Betty Buckeye as many have come to fondly refer to Ohio rate payers.

Thank you Mr. Chairman for the opportunity to testify before you today. I am happy to try to answer any questions you or the members of the committee may have for me.

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