



January 23, 2018

Re: Interested Party Written Testimony for HB 247

Dear members of the Public Utilities Committee:

Chairman Cupp, Vice Chairman Carfagna, Ranking Member Ashford, and members of the Committee. On behalf of tens of thousands of Americans for Prosperity activists in Ohio, I respectfully submit this testimony for your consideration.

In our view, the current hybrid electricity market regulatory framework in Ohio has flaws that need to be addressed in a fair-minded way that takes into consideration the concerns of all interested parties.

We believe this legislation is a natural step on the heels of passing House Bill 114 and similar legislation in the previous general assembly. As the senate weighs their next steps in addressing Alternative Energy Portfolio Standards, we appreciate the House's proactive approach to market solutions for Ohio's electricity markets.

As it relates to HB 247, we think the steps taken in the legislation to eliminate the Electricity Security Plans (ESP) are an encouraging provision, as this would largely preclude the ability of utilities to charge above-market rates to consumers. It would also open the way for more pro-consumer competitive outcomes through the default adoption of the Market-Rate Offer (MRO) ratemaking mechanism, which is intrinsically competitive since it sets rates through a competitive bidding process.

Additionally, we are also encouraged by the provision that would allow refunds to customers for charges that are deemed improper by the Public Utilities Commission of Ohio (PUCO) or the courts.

The legislation also moves in the right direction in addressing the potential cross-subsidization practices that arise when utilities use their customer base, which is provided to them via government regulation, to subsidize their generation facilities – which are supposed to be subject to market competition. In principle, we agree with the intention of the bill to clarify Ohio's 1999 deregulation law and restore the balance of the competitive market by prohibiting utilities and affiliates to own generation facilities. However, we would ask the legislature to address this issue in a manner that is consistent with the rule of law and fair market practices, without unduly impacting any of the interested parties.

Americans for Prosperity urges you to carefully consider HB 247 as it moves Ohio closer to a fully deregulated electricity market that could ultimately result in more choice for consumers, lower energy prices and better competitive edge for the industries in the state.

While this is a good first step, we would remind all decision-makers on this issue that a fully open and competitive electricity market in Ohio will not be possible until we eliminate market-distorting policies, such as the Alternative Energy Portfolio Standard.

Micah Derry
State Director
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