Proponent Testimony of
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Before the
Energy and Natural Resources Committee
Ohio House of Representatives

SUBSTITUTE HB 6

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Chairman Vitale, Vice Chair Kick, Ranking Minority Member Denson and members of the Committee, thank you for the opportunity to provide testimony today.

My name is Matt Brakey. I am President of Brakey Energy.

Brakey Energy provides comprehensive energy management services to commercial and industrial energy users. We exclusively serve clients with facilities located in Ohio. Our clients range in size from small McDonald's restaurants to some of the state's largest forges, foundries, and refineries.

We represent our clients' interests, via the Brakey Energy Client Group, as a member of the Industrial Energy Users of Ohio (IEU—Ohio). IEU—Ohio is a proponent of Substitute House Bill 6 and so too is Brakey Energy.

Brakey Energy is voicing our support for Substitute House Bill 6 because, in our professional opinion, it will produce a net electric bill decrease for most of Ohio's energy-intensive businesses. This will be done by (1) phasing out Ohio's energy efficiency mandates and (2) expanding the streamlined opt-out opportunity to all mercantile customers. The streamlined opt-out allows qualifying customers to not have to pay expensive energy efficiency mandate surcharges and forego any corresponding benefits.

Under existing law, the streamlined opt-out opportunity only applies to customers that accept voltage above the primary level. We consider the above-primary threshold arbitrary, and it has resulted in many customers being forced to shoulder excessive mandate costs.

As noted in the May 7, 2019 testimony of Public Utilities Commission of Ohio (PUCO) Charmain Sam Randazzo, mandate compliance costs have averaged over $340 million per year from 2014 through 2017. Shielding Ohio businesses from these costs on a going-forward basis is critical to ensuring Ohio has competitive electricity prices. To this end, Substitute House Bill 6 deserves your support.

For the minority of businesses that may see net electric bill increases under Substitute House Bill 6, these increases should be insignificant and have little to no bearing on profitability. This is because of the cost caps contained within the legislation. However, there is one notable exception: businesses that have an unusually large number of electric meters.

For example, our client The Greater Cleveland Regional Transit Authority (GCRTA) currently has 173 electric meters. Some of its meters would likely be designated industrial under the legislation, while the balance would be designated commercial.

GCRTA is not alone in this situation. Brakey Energy has a notable number of clients that have an outsized number of electric meters.

Under Substitute House Bill 6, these businesses would face a highly disproportionate and burdensome share of costs because each individual meter would be subject to the charge (which I am sure is an unintended consequence of the current draft). Case in point, many of GCRTA's meters have relatively minimal electric consumption – such as outdoor lighting for individual bus stops – and will likely pay more for the new customer charge on these accounts than it does for all other bill components combined.

My understanding is this issue has been raised in previous testimony before the Committee, and specifically by PUCO Chairman Randazzo in his verbal testimony last week. I would urge you to rely upon the expertise that resides within the PUCO for an appropriate resolution of these rate design concerns.

There is existing precedent for permitting customer-initiated aggregation of contiguous electric accounts for purposes of self-assessing the Ohio kWh tax, and the previously mentioned streamlined opt-out opportunity. A similar framework or something that achieves the same end would be welcomed by my company and our impacted clients.

In summary, I would again like to express my support for Substitute House Bill 6 because it will produce a net decrease in the electric bills of most energy-intensive Ohio businesses. However, I urge the legislature to provide a mechanism to protect the minority of customers that have an outsized number of electric accounts and therefore outsized exposure to this new charge.