



Chairman Vitale, Vice Chairman Kick, Ranking Member Denson and members of the House Energy and Natural Resources committee, thank you for allowing me the opportunity to testify today in opposition to House Bill 6.

My name is Teresa Ringenbach and I direct the Government Relations in the Midwest for Direct Energy. Direct Energy serves approximately 4 million customers in North America. We have over 300 employees in Ohio and serve nearly 550,000 Ohio electricity and natural gas customers. Since 2001, I have had many roles in the Ohio retail energy market. I started my career servicing the first government aggregations in the state, including the City of Cleveland and surrounding communities, participated in regulatory proceedings, and handled customer operations. I have watched the retail energy markets grow from a few suppliers to nearly 100 companies with investment in jobs and our communities to match that growth.

Over the past several weeks this committee has heard arguments from a diverse number of groups ranging from utility companies, generators, environmental groups, and large users of electricity. When the state-initiated reforms to bring the competitive electricity market to Ohio, it was an opportunity for Ohio to remain competitive in business and industry all while bringing jobs and economic development to the state. Today our households pay \$104 less a year for electricity than Indiana, West Virginia or Kentucky.

Ohioans can choose an electric supplier. This gives Ohio consumers a greater variety of pricing plans and allows more freedom to determine what is the best option for their household or business. The latest PUCO switching statistics show 58% of customers and 78% of total MWH sold in Ohio are through retail suppliers.

Direct Energy promotes competitive markets across the country because competition incentivizes new services such as: green, time of use pricing, energy/battery storage, grid modernization, and demand response programs. This legislation goes beyond a fund for clean resources and now incentivizes utility products that are already available through competition while ignoring the fundamental purpose of an Ohio distribution utility which is improved grid function. It is for these reasons, that we encourage the state legislature to avoid provisions in this bill which disrupt the successful competitive market by encouraging a distribution utility to become a retail supplier rather than incentivize investment in the single thing the distribution company can provide – a reliable grid.

Our interest in House Bill 6 is to ensure it does not impede the successful energy market in the state and does not unfairly charge our customers for a benefit they cannot access. As currently written the legislation does not achieve the goal of clean or reduced emission resources without creating unfair advantages for utilities over competitive suppliers and without reducing customer's options due to unfair policies.

This legislation should not be used to save some jobs in the state while also potentially eliminating other existing jobs. Rather the approach should be reasonable and recognize the investment by all companies in the state to ensure a fair and balanced approach to Ohio's energy future.

To that end we propose changes covering several categories in the legislation which we view as a step outside of what was the stated purpose of this legislation and instead cross over into forms of re-regulation of Ohio energy markets.

First, the bill includes a three-year power purchase option to be created by the PUCO. As written, the bill appears to only allow a customer to avoid paying into the Clean Air Fund if they returned to receive supply from their local utility. It should not matter who the customer has entered into a supply contract with as long as the contract is from a clean resource. The ability to reduce costs by using a power purchase agreement should not restrict customer supply options. The legislation should be clarified in such a manner as to ensure the PUCO does not create an incentive for customers to return to the utility over any competitive market options.

Second, the proposed legislation will allow a customer to choose to avoid the mandates for renewable energy only if they are taking supply through the distribution utility default service program. Those mandates also apply to Competitive Retail Electric Suppliers. While the language specifically allows for a utility to recover any costs they have incurred the same does not apply to retail suppliers. As written this legislation places a mandate on retail suppliers with no ability to recover our costs to meet the mandate. While the baseline for a retail supplier is reduced depending on when a customer opts out a supplier may be left with a cost already incurred to meet the mandate for that customer within the existing contract. In addition, today's law prohibits a customer from paying twice for the mandate. As written this legislation could have a customer paying the mandate while also paying for the utility recovery of costs for the mandate through the Fund. The right to cost recovery should apply to both the supplier and the utility and should also protect a customer from paying twice for the same mandate.

Finally, the legislation contains a new and wholly unrelated requirement to have the PUCO allow a utility to offer green products to customers. For those who are not aware no utility in the state fills the role of generation provider, it is a product served through competitive supply procured through an auction process. This provision to have the utility now offer what is already available from retail suppliers is a step backward, unnecessary and completely out of place in this legislation.

The stated intent of this bill is to create a way for customers to support clean Ohio based resources without preference to one type of business. If that is the case then the portions of the legislation, which;

- favor a utility over a retail supplier;
- mandate where a customer receives supply to reduce their costs or;
- allow discretion to drain the fund to the benefit of a single source, must be corrected.

We look forward to working with House members to create legislation, which moves Ohio energy markets forward and does not stagnate our state in the past.

Thank you,
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