

Northwest Ohio **Aggregation Coalition**



Cities

Maumee

Northwood

Oregon

Perrysburg

Rossford

Sylvania

Toledo

Waterville

Villages

Delta

Holland

Ottawa Hills

Walbridge

Townships

Lake

Perrysburg

Counties

Lucas

OPPONENT TESTIMONY – HB 798
House Select Committee on Energy Policy and Oversight
Thomas Hays, Attorney
On Behalf of the Northwest Ohio Aggregation Coalition
And its 15 Member Communities

December 8, 2020

Chairman Hoops, Vice Chair Abrams, Ranking Member Leland and members of the Select Committee on Energy Policy and Oversight thank you for this opportunity to present testimony.

My name is Tom Hays. For ten years I have represented the Northwest Ohio Aggregation Coalition (NOAC) and its 15 member communities in our fight for fair and reasonable electric rates for our 125,000 residential and small businesses customers.

We earlier wrote to the Select Committee of our support for the approach in HB 772. That bill will end \$3 billion in wasteful subsidies and put Ohio on the path to having the most competitive total energy cost in the nation. Second, this subsidy-free policy is needed to help end the massive spending by all energy suppliers to get a leg up through special legislation. This quest for subsidies is at the heart of the corruption and the distortion of an equal and level playing field.

While we cannot support HB 798 as introduced, Chairman Hoops asked for good faith suggestions and amendments that would improve the bill.

NOAC recommends that the OVEC subsidy be eliminated entirely. Consider that AEP itself presented neither a justification nor a defense of the OVEC subsidy before the Select Committee. As the Select Committee heard, the OVEC problem is of AEP's own making and not caused by Ohio's customers. AEP is a very profitable company whose good decisions create an abundance of profit that cover its more meager losses, as happens in any other well-run company. Nor is there any reason that AEP should be benefitted over other competing Ohio coal plants, many of

which face closure as the Select Committee heard. Finally, the OVEC plants will stay open, and their workers employed, regardless of what the Select Committee does. There is nothing in the OVEC subsidy for customers.

If the Select Committee determines to continue a subsidy to OVEC, then NOAC recommends the Select Committee limit the subsidy to its Ohio plant. Jobs Ohio would never invest Ohioans' money to fund an Indiana plant, let alone one that directly competes with struggling Ohio generating plants. Even the coal burned at the Indiana plant is from the Illinois basin—and not mined by Ohioans. Removing this subsidy, and prohibiting its reinstatement at the PUCO, is a necessary step towards regaining public trust.

Second, NOAC recommends that audit, financial, and “zero profit” conditions be imposed if the Select Committee continues a subsidy to the Ohio OVEC plant. These conditions should be similar to the HB 798 provisions for the nuclear audit, financial, and “zero profit,” NOAC also endorses the Ohio Consumer Counsel's recommendations made to insure that the conditions really are “the least cost for customers” and should also exclude any sort of future carbon tax that may be imposed.

Finally, NOAC recommends that the Ohio plant subsidy terminate December 31, 2022 but certainly not later than 2024. This gives AEP ample time to sell the plant. There is no incentive for AEP to divest until the subsidy ends.

This is why NOAC supports HB 772. It fixes the problem. It saves our customers \$3 billion imposed by HB 6. By ending all subsidies, it makes clear that Ohio's policy is to protect customers and provide a fair and equal playing field for all of its competitors.

NOAC is a part of the customer coalition with OMA, OCC, AARP and customers of all stripes, We look forward to working with you. Thank you again for this opportunity to testify.

