



Chairman Wilson, Vice Chair McColley, Ranking Member Williams and members of the Committee thank you for allowing me 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 last few weeks you have heard much testimony on the payment to select generators from a Clean Air Fund. While my company does not support those subsidies, I am here today to talk about the other hidden advantages to select companies to compete against others in the market and backdoor charges to customers.

House Bill 6 has many provisions which stagnate Ohio and clearly place the value of certain jobs in our state above others. In Ohio, as I stated previously Direct Energy has 300 employees. A recent poll by the Retail Energy Supply Association shows its members directly employ over 4,000 people in Ohio. The competitive industry is growing jobs in Ohio. These are direct jobs that are contributing to our economy and tax base not an economic study of hypothetical impacted jobs. This committee must be careful to not kill far more jobs than it attempts to save by allowing backdoor provisions in this bill designed to eliminate retail competition. Setting aside the specific nature of the Clean Air Fund my testimony will focus on three items which create legislated advantages to First Energy Solutions a direct retail electric competitor and to a utility over other companies selling energy in Ohio.

First, House Bill 6 creates an exemption from paying into the Clean Air Fund for mercantile customers who enter into a power purchase agreement. However, as written the restriction of what type of generation those customers may take includes resources already subsidized by the Fund. This creates another market advantage for First Energy Solutions and the limited solar facilities which are eligible for the fund. The provision would offer First Energy Solutions and the owner of those solar facilities a statutory advantage to poach customers by offering the customer an opportunity no other supplier in the market can offer. An avoidance of the clean air fund fee and legacy RPS costs.

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If the state decides to offer certain generation resources a subsidy from the Clean Air Fund it should not give those same resources a second advantage by allowing them to undercut other competitive companies in the market. Direct Energy recommends Section 4928.47 be amended to remove this second subsidy to any generator taking funds from the Clean Air Fund. The exemption for a mercantile customer should focus on resources not already receiving a subsidy such as a renewable resource or combined heat and power system.

Second, House Bill 6 proponents have said that the Clean Air Charge imposed by the bill would be off-set by the elimination of the larger RPS charges. Unfortunately, while compliance with the RPS is terminated on January 1<sup>st</sup> 2020, the legacy cost of RPS contracts are simply shifted to the utility and assessed on customer's bills. Sections 3706.485 and 4928.641 provide that a utility may still recover their long term RPS costs. The utility may do this by taking from the Clean Air Fund or by requesting a non-by passable charge be applied to all customers. A retail supplier who will also have RPS legacy costs has no similar ability in this bill to recover costs associated with existing contracts. In addition, our customers will now be subject to a potentially higher charge from the utility for that utility's legacy RPS costs. Our customers today negotiate their RPS costs in their retail supply contracts. In the end, the bill may remove RPS compliance, but it keeps the utility charges, interferes with existing contracts, and potentially increases RPS costs for customers of a retail supplier by forcing them to pay the utility rather than their current negotiated price.

The bill should be amended to ensure fair recovery of RPS contract costs for all companies and customers.

Third and finally, House Bill 6 will allow the monopoly utility to directly compete against retail suppliers by offering green products. Let me start off by saying that every utility in the state has the option to form an affiliate and compete in the open market should they choose. Therefore Section 4928.647 is completely unnecessary. In May 2019, there were 236 green products available from retail suppliers in Ohio. That said, if this legislature decides that over 200 green products available to customers is not enough and the utility should be also offer these, then certain protections must be put in place. If the utility wants to compete they should be required to lose their safety net. The utility must be forced to take on all the costs and risks of the products they sell by only recovering those costs from the customers that take the product. They cannot rely on all rate payers to subsidize a green product which may only be taken by a few customers. For this reason, the bill should be amended to either remove Section 4928.647 entirely or guarantee no recovery of costs from any utility customer other than those customers who choose to take these products from the utility.

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As written House Bill 6 is a direct attack on retail energy competition in Ohio. The provisions in this bill take us beyond a discussion on propping up nuclear plants in Northeast and Northwest Ohio and now will have broad and lasting impacts on Ohio energy policy and thousands of other jobs in the state. The committee should vote no on House Bill 6.

Thank you,  
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