



**House Bill 6, Senate Energy and Public Utilities Committee
Interested Party Testimony of Joseph Oliker
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Chairman Wilson, Vice Chair McColley, ranking member Williams and members of the Senate Energy and Public Utilities Committee, thank you for the opportunity to provide interested party testimony on the current version of House Bill 6 (“HB 6”). My name is Joseph Oliker, Associate General Counsel for IGS Energy.

IGS Energy is a diverse energy company that is family-owned and privately held. IGS is headquartered in Dublin, Ohio and employs more than 700 people throughout this state.

IGS appreciates the Committee’s thoughtful consideration of HB 6 and substantial amendments that improve the quality of the bill. The amended version of HB 6 removes many of the provisions that would harm customers and tilt the playing field against the competitive market.

Although the amendments drastically improve the bill, the most recent version retains the provision that will permit an electric distribution utility to build customer-sited renewable energy resources for mercantile customers. IGS commends the Committee’s attempt to revise that provision to prevent the utilities from subsidizing their renewable products by inserting the following language:

any direct or indirect costs, including costs for infrastructure development or generation, associated with the in-state customer-sited renewable energy resource shall be paid for solely by the utility and the mercantile customer. At no point shall the commission authorize the utility to collect, nor shall the utility ever collect, any of those costs from any customer other than the mercantile customer.

IGS appreciates the amendment and its goal to prevent distribution utilities from subsidizing renewable products.

IGS, however, must reiterate its concern with any provision that authorizes electric distribution utilities to own generation. IGS cautions that, so long as there is an opportunity for utilities to own generation resources, there is a risk that the utilities will use their monopoly status to convey a competitive advantage to their own products to the detriment of market-based products.

Moreover, customers are better off when the utilities do not own generation assets. Even if the law requires that the costs of renewable projects are assigned solely to the utilities and participating customers, nothing stops the utilities from seeking subsidies from the PUCO (or the General Assembly) when their generation-related investments do not pan out as planned. Indeed, over the past decade, the utilities have filed many creative applications before the PUCO requesting that their captive distribution customers involuntarily pay monthly charges to make them whole for such bad investments.

Additionally, from a credit rating perspective, utilities without generation assets are less risky and can obtain capital at a lower interest rate. This reduced cost of capital flows through for the benefit of customers in the ratemaking process. Allowing the utilities to own generation would change the way that the credit rating agencies look at the utilities. It could harm the utilities' ability to raise capital on a timely basis with reasonable terms and increase the likelihood that they seek subsidies in the future.

In fact, in the not so recent past, the PUCO has authorized riders to prop up the balance sheet and credit rating of two different Ohio electric utilities. Providing the utilities with the opportunity to expose themselves and ratepayers to higher interest rates is simply not worth the risk; removing this provision is the only way to ensure this does not occur.

Rather than permitting the utilities to enter this market, IGS suggests that if the Senate truly wants to incentivize customer-sited renewable generation it should turn its attention to fixing Ohio's net metering policy. A healthy net metering policy will encourage the development of Ohio-based customer-sited renewable generation on a non-discriminatory basis. If Ohio simply adopted the annual net metering program used by its neighbors in Illinois, Pennsylvania, West Virginia, and Kentucky, it would do far more to advance renewable generation than the provisions in HB 6.

Again, IGS would like to express our appreciation for the Committee's thoughtful amendments to HB 6. IGS, however, continues to believe that

there is no need for monopoly utilities to compete in the renewable energy space—particularly when their affiliates can already do so on a level playing field. The risk of permitting the utilities to enter this market is far outweighed by any potential unproven benefit.

Thank you for the opportunity to submit testimony on the latest version of this important bill. In any remaining time, I would be happy to answer any questions that you have.

Sincerely,

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