



Chair Wilson and Members of the Senate Energy and Public Utilities Committee:

The Ohio Independent Power Producers (OIPP) thank you for the opportunity to provide testimony on S.B. 346, legislation repealing House Bill 6.

OIPP members develop, construct, and operate new natural gas fired power plants, representing billions of dollars of new private investment in Ohio and thousands of megawatts of new, efficient, and reliable energy. These projects are entirely driven by private investment, not ratepayer guarantees, with project risk on the investors, not captive ratepayers. The willingness of investors to commit billions of dollars in direct investment to build new power generation facilities in Ohio is predicated on their long-term confidence in the PJM Interconnection regional wholesale electricity markets and Ohio's commitment to competitive markets. H.B. 6 represented a departure from those free market principles.

A member of the OIPP testified on behalf of the organization to this Committee in opposition to H.B. 6 on June 18, 2019. If you review that testimony on H.B. 6, you'll see that there was never a need for the legislation, that the nuclear and OVEC subsidies create negative market impacts, and that the legislation will stifle innovation, competition, and investment. Ohio consumers, thanks to the PJM market, enjoy access to the cheapest power at all times, but subsidies artificially raise prices for consumers. Moreover, proponents never proved the need for subsidization of Ohio's two nuclear power plants. Energy Harbor's actions, most notably the \$800 million in stock buybacks,¹ following the passage of H.B. 6 made clear that the nuclear power plants were never at risk of closure in the manner represented by Energy Harbor.

During the consideration of H.B. 6, proponents of the bailout made unsubstantiated claims regarding the sources of capital for new power plant projects, falsely asserted that these projects were less secure, made erroneous and misleading statements regarding the reliability of natural gas-fired power plant, and misconstrued how energy markets work. As we have now learned, the misinformation continued well after the law was enacted.

Put simply, the policies enacted by H.B. 6 stifled competition and declared Ohio closed for new investment. Since H.B. 6 was passed, two natural gas power plant projects were cancelled: the LS Power proposed \$500 million retrofit of a facility in Luckey, Ohio and the third Lordstown Power Plant project, which based on similar sized projects represented an \$800 million to \$1 billion investment – meaning Ohio possibly lost out on almost \$1.5 billion in investment and thousands of construction jobs. The OIPP is aware of at least two other projects that were engaged in very early site selection in Ohio that abandoned their plans after H.B. 6 passed.

Future energy policy in Ohio needs to position Ohio as an attractive location for infrastructure investment by maintaining competitive markets, not subsidizing politically favored incumbents.

Thankfully, Ohio has the opportunity to remedy this mistake by repealing H.B. 6. We ask this committee to pass S.B. 346 without delay.

¹ <https://www.cleveland.com/open/2020/05/with-ohio-bailout-law-secured-firstenergy-solutions-successor-moves-to-increase-share-buybacks-by-300-million.html>