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Proponent Testimony HB 772

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Senate Energy and Public Utilities Committee

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Chairman Wilson, Vice Chair McColley, Ranking Member Williams, thank you for the opportunity to testify. The EPO is a statewide association of energy consultants, brokers, and suppliers working with customers on their energy needs. The members work with some of the largest energy users in the state all the way down to providing services on a residential level. The EPO supports HB 772 because the legislation re-levels the playing field in Ohio's energy market by removing subsidies for all sources of generation. As you will read, the EPO believes that Energy Harbor is well positioned to be successful in Ohio's energy marketplace and does not need subsidies paid from Ohio citizens.

Energy contracts are essentially complex financial tools designed to meet consumer's needs. The energy market has evolved to the point that energy management services, including reviewing how a customer uses energy, applies energy efficiency and renewable energy, aligning them with a customer's risk tolerance, are necessary in any successful management strategy. Because energy has become so complex, nearly two-thirds of all the energy purchased in Ohio goes through brokers.

Because the members of the EPO work with dozens of suppliers on thousands of accounts to help procure low energy options, we sit in a unique position in our ability to view how the competitive energy markets are working in Ohio. We see trends across customer classes both in terms of new products being developed and marketed by suppliers, as well as what products and services customers consistently lean on to solve their specific need, and the ones that do not. Because of this "bird's eye" view, the EPO can see how well all suppliers participating in Ohio's deregulated energy space, including Energy Harbor, are faring in regard to commodity sales.

Based on our review, energy brokers across the state are reporting that Energy Harbor is winning roughly one-third of energy being procured by customers this year. One broker noted that Energy Harbor is winning about 17% of the contracts that come across their desk, but those contracts represent over 35% of the kilowatt hours they helped procure since May. Another solid data point is in the recent AEP Ohio Standard Service Auction where Energy Harbor won 48% of the tranches up for auction.

House Bill 6 was passed under the premise that without a subsidy, Ohio's nuclear assets would close because they could not produce an electron that was competitive with others in the

marketplace. Based on the sales data coming across energy broker's desks and the recent AEP auction, it is difficult to understand how such a financially challenged company could be competing so well. The EPO and its members are not privy to Energy Harbor's pricing models so we cannot speak to whether the House Bill 6 subsidy is included in current pricing. Current pricing from Energy Harbor is also not so low to suggest Energy Harbor is "buying" market share as their predecessor FirstEnergy Solutions, did. That market behavior ultimately led to the FirstEnergy Solution's demise as it could not produce electricity cheaply enough to meet its contractual obligations.

Rather, Energy Harbor appears to be competing quite well in the current market - before any subsidy has been in place or received by the company. Therefore, it is the conclusion of the EPO that any subsidy is not warranted and that these assets are able to stand on their own and compete in Ohio's energy marketplace. Since the fundamental argument for House Bill 6 is proving to not be an issue, Ohio should repeal the subsidies therein.