

Northwest Ohio Aggregation Coalition



Cities

Maumee

Northwood

Oregon

Perrysburg

Rossford

Sylvania

Toledo

Waterville

Villages

Delta

Holland

Ottawa Hills

Walbridge

Townships

Lake

Perrysburg

Counties

Lucas

PROPONENT TESTIMONY – HB 772
Senate Energy and Public Utilities Committee
Thomas Hays
On Behalf of the Northwest Ohio Aggregation Coalition
And its 15 Member Communities

December 9, 2020

Chair Wilson, Vice Chair McColley, Ranking Member Williams and members of the Energy and Public Utilities Committee thank you for this opportunity to present this testimony.

My name is Tom Hays. For almost 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.

HB 772 is the Best Policy for Ohio

Since its inception twenty years ago, NOAC thru competitive processes has saved its participants in excess of \$100 million by securing electric and natural gas supplies at a discount. In contrast, the subsidies in HB 6 secured for large companies, using appalling and illegal tactics, will cost Ohio customers thirty-fold more than these savings. NOAC thus urges the repeal of HB 6 subsidies through passage of HB 772.

HB 772 is the optimistic first step toward an Ohio energy policy that faces the sunrise and not the sunset. Ohio has a great opportunity to become the home to the lowest cost energy in the world. Or to take a good whack at it by trying. HB 772 is the launch pad.

Ohio's shale gas revolution made it one of the world's lowest cost gas producers. It also made Ohio among the lowest cost producers of electricity at our newly built state-of-the-art natural gas fired plants. This set the bar for solar and wind energy—for every competitor. Solar and wind responded, and their costs dramatically dropped to below nuclear or coal and are still dropping.

If electric rates to consumers are allowed to drop in tune with these new market prices, then our electric costs will be among the lowest in the nation. When market-price electric savings are added to our natural gas savings, then Ohio will be in the race for the best energy prices on earth. This is a competitive advantage China and most other competitors cannot match.

To accomplish this, HB 772 eliminates HB 6's almost \$3 billion of unproductive and wasteful costs that consumers will pay in nuclear subsidies, coal subsidies, solar subsidies, and guaranteed excess profits in "decoupling." These subsidies destroy Ohio's low-price advantage.

New technology and low prices attract more technology and more growth. If you agree that Ohio's goal should be prosperity for its citizens, then this leads to a clear answer: Ohio's energy policy must work to provide reliable electric service to customers at the best possible price. We urge the Committee to adopt HB 772 as the best policy.

Still we do not know what the Committee will finally determine from all the bills before it now. However, NOAC strongly recommends that the Committee eliminate the OVEC subsidy entirely.

AEP itself did not present a defense of the OVEC subsidy before this Committee or in the House. With or without subsidy, the OVEC plants will stay open and their workers employed, regardless of what the Committee does. There is no question that 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 will cover its more meager losses. AEP is better positioned handle its own finances than are customers dealing with a pandemic. Nor is there any reason that AEP's OVEC ownership should receive benefits over other competing Ohio coal plants, many of which face closure. There is nothing in the OVEC subsidy for customers.

But in all circumstances, NOAC recommends that the Committee immediately end the subsidy to the Indiana coal plant. Jobs Ohio would never invest Ohioans' money to fund an Indiana plant, let alone one that directly competes with struggling Ohio generating plants. Removing this subsidy, and prohibiting its reinstatement at the PUCO, is a necessary step towards regaining public trust.

Subsidies like these are why NOAC supports HB 772. It saves our customers \$3 billion imposed by HB 6. HB 772 ends the subsidies and makes clear that Ohio's policy is to protect customers, provide a fair and equal playing field for all competitors, and to advance Ohio's and our citizens' own prosperity.

NOAC is a part of the customer coalition with OMA, OCC, AARP and customers of all stripes that support HB 772. We look forward to working with you. Thank you again for this opportunity to testify.

I would be happy to answer any questions.