



State Senator Mark Romanchuk
Senate Resolution 175 Sponsor Testimony
Senate Energy & Public Utilities Committee
September 14, 2021

Chairman McColley, Vice Chair Schuring, Ranking Member Williams and members of the committee, thank you for giving me the opportunity to testify on SR 175. SR 175 affirms to PJM Interconnection, LLC (PJM) and the Federal Energy Regulatory Commission (FERC) Ohio's energy policy as stated in the passage of SB 3 in 1999.

Ohio's Energy Policy

The general assembly passed SB 3 (123rd General Assembly) which was historic legislation to deregulate the generation portion of our electric grid and use competitive "markets" for the purpose of lowering utility bills, providing choice, and improving services. This resolution simply conveys to PJM and FERC, our 22 year-long policy of encouraging competitive markets.

Markets are bearing fruit. Billions of dollars are being saved annually on the "generation" portion of the customer bill. Old, inefficient generating plants are exiting the market and being replaced with newer technology that is cleaner, more reliable, and cheaper to operate. There's no argument - markets are functioning.

The Threat to Markets Continues

The transition to markets has been difficult and under threat. Recently, the threat has come from within our state - passage of HB 6 is an example of that. The movement to subsize generation assets is present in other states, as well. Because subsidies corrupt markets, PJM moved to combat the threat and approved the Minimum Offer Price Rule (MOPR) in December of 2019. The purpose of this rule was to disincentivize states from subsidizing certain, preferred generation resources. The rule is necessary to protect the sanctity of the market.

Unfortunately, threats to the market are now coming from the federal government and other PJM

states. The federal government and other states have pressured PJM to "water down" MOPR for the purpose of allowing subsidies for certain types of generation. This rule change will essentially push outside policies into Ohio. SR 175 simply asks PJM and FERC to maintain the current MOPR and not allow outside policies to impact Ohio.

Who will be Opposed?

Opposition will come from those entities that need subsidies to operate. As we have already seen, subsidized environments reward bad business decisions that cost ratepayers more money without providing any tangible benefits. Markets do not provide subsidies and that benefits Ohioans.

Opposition will also come from groups who believe they can accomplish their preferred energy policies outside the market construct. That attitude will lead to higher prices for our constituents, reduced competitiveness for Ohio businesses and potential electric reliability problems in the future.

Conclusion

A vote for SR 175 is a vote for markets. It's a vote for choice and lower electric bills. It's a vote for cleaner, more efficient generation resources. It's a vote for blocking outside policies from impacting our constituents.

Mr. Chairman, thank you for the opportunity to testify, and I would be happy to answer any questions.