



Office of the Ohio Consumers' Counsel

**Before
The Ohio House of Representatives
Public Utilities Committee**

**Opponent Testimony on Sub. House Bill 197
(Establish community solar pilot and solar development programs)**

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On Behalf of the Office of the Ohio Consumers' Counsel

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Hello Chair Stein, Vice-Chair Blasdel, Ranking Member Weinstein, and Committee members. I hope you and your colleagues are well. Thank you and the Committee members for this opportunity to present opponent testimony on Sub. House Bill 197. I am testifying on behalf of the Office of the Ohio Consumers' Counsel, for Ohio residential utility consumers.

Renewable energy, including community solar, generally is a good thing. Community solar programs can benefit consumers who are unable to install solar panels for various reasons, including that they cannot afford them. We appreciate your consideration of the issue.

But the development of community solar is best enabled by the competitive market without subsidies from consumers and without utility cost shifting to non-participating consumers. Non-participating consumers (those who don't enroll in a community solar program) should not be paying direct or indirect costs of the community solar program. In other words, non-participating consumers should not be negatively impacted by other consumers' choices.

Unfortunately, Sub. House Bill 197, as currently drafted, will likely result in utility cost-shifting and subsidies paid for by non-participating consumers. And it allows the government to pick winners and losers in the wholesale electricity market. A market distorted by government intervention will likely lead to higher electric prices and will not benefit Ohio's utility consumers or the Ohio economy.

Under the bill, community solar customers subscribe to a portion of the energy generated by a solar facility and receive a bill credit from their distribution utility for a portion of the output of the solar facility. (Lines 756-759) Nonetheless, the participating customers would still be using the full amount of generation and distribution service from the utility.

The utility must purchase all the electricity generated by the solar facility, including unsubscribed electricity. (Lines 712-720) The money paid by the electric utility to the solar developer is set by the PUCO at “a reasonably compensatory level to create a financeable community solar market.” (Lines 773-783) That standard does little to protect utility consumers from paying way too much.

With utilities paying solar developers for all solar output from a project and subscribers getting a discount (bill credit), utilities’ revenues will be reduced. Utilities do not like to have their revenues reduced, and often find ways to collect revenue shortfalls from other consumers. This scenario, along with PUCO responsiveness to utility make-whole requests, will lead to non-participants being charged more for their electric service to subsidize the community solar program.

Under the bill, the subsidies paid by non-participants have no \$ cap. We do not know how much utility consumers will be asked to pay to subsidize community solar developers, but it could be a lot. We do know that the bill has a long list of expenses that can be charged to utility consumers. The bill allows community solar costs to be collected from non-participants for: interconnection costs (Lines 878-882), administration costs (Lines 897-899), fees and charges (Line 781) and “any other item that the commission determines is necessary.” (Lines 782-783)

Another concern for consumers is that the bill lacks the transparency needed to properly account for the community solar costs that nonparticipants will subsidize. There is no cost tracking mechanism in place to identify and minimize subsidies by non-participants.

This legislation also favors community solar projects and their developers over other electricity generators. In this legislation, an electric distribution utility is required to purchase all electricity generated by the community solar facility. (Lines 712-720) This requirement may be advantageous to the development of community solar, but it can hamper the development of other energy resources, either traditional or renewable. Other electricity generators do not have the same consumer-guaranteed purchase power arrangement for the electricity they produce, with the exception of the Ohio utilities owning a share of the OVEC coal plants.

Lastly, Sub. H.B. 197 requires the establishment of a community solar pilot program of one thousand five hundred megawatts. (Lines 672-698) This sizeable program does not sunset even though it is a “pilot.” The community solar market should develop at its own pace in response to market demand and supply conditions. It’s development should not be defined by the government and facilitated through subsidies paid by captive utility consumers.

In conclusion, the bill is problematic for utility consumers. Its potential benefits are outweighed by the detriments to utility consumers. The bill allows cost shifting to non-participating consumers and requires non-participating consumers to subsidize the uncapped direct and indirect costs of the program. And the program has no sunset.

OCC opposes Sub. H.B. 197 as written. We ask you not to pass this legislation.

Thank you for your consideration.