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The Honorable Dick Stein
Chairman
House Public Utilities Committee
77 South High Street
Columbus, Ohio 43215

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Chairman Stein and committee members:

I write to continue our opposition to House Bill 197 consistent with AEP Ohio's prior statements and testimony. As you know, the committee recently held an additional proponent hearing on the legislation. Unfortunately, several inaccurate and misleading statements were made to minimize the anticipated harms of this legislation to nonparticipating residential customers.

The supporters of this legislation claimed in testimony that "Ohio subscribers only see a credit on their bill for their supply charges, the customer would still pay for the poles and wires thus the EDUs infrastructure continues to be supported." This is false and calls into question the credibility of every additional statement made by the witness in favor of the bill. Specifically, the credit offsets wires charges (in addition to generation supply charges) even though the underlying cost of serving the customer receiving the credit is increased – and the entire tab gets picked up by other non-participating residential customers.

Lines 752-755 in HB 197 clearly define that the Retail Rate is the Generation Services, Transmission Services, and Distribution Services. It then clearly states that participating customers receiving energy from a community solar facility on a Non-Distress Site gets a bill credit of their Retail Rate less base charges for distribution, while participating customers receiving energy from a community solar facility on a Distress Site gets a bill credit equal to the utility's Retail Rate. Again, there is no way that this can be interpreted as only a credit for the supply charges and it means that participating customers will certainly have their infrastructure costs paid by other, non-participating customers. Other states have recognized the unfairness of raising rates for nonparticipating customers by taking steps to reduce such unnecessary and burdensome subsidies.

The proponents also indicated the projects that will be constructed under HB 197 will make more efficient use of existing infrastructure and reduce costs to ratepayers. This is also blatantly misleading because the bill simply requires that the facility needs to be in the territory of an EDU but not on the same circuit or tied directly to an end use customer. For

example, the solar facility could be placed on a circuit in Athens County, but with subscribers in Lima, Delaware, Marion, and elsewhere in our 61-county service territory. The lines serving these customers may or may not be experiencing capacity issues, but they will certainly not be assisted by this extra capacity in Athens.

It is highly speculative to conclude that any transmission costs will be reduced by the construction of community solar facilities because these facilities would be interconnected to the distribution system and transmission facilities will continue to exist without being reduced. This committee knows well that solar is an intermittent resource and AEP will need to continue to maintain a robust grid to serve customers for the majority of time that the solar facilities are not serving customers.

Additionally, the committee heard multiple claims that solar performs best during the period when the grid is the most stressed: hot, summer days. Grid peaks, however, are increasingly occurring in winter cold snaps during which solar will provide little to no benefit in keeping the lights on and homes warm.

Finally, the proponents of the bill continue to state that utilities will benefit by purchasing 100 percent of the output of the facilities. As the committee knows, Ohio has a unique auction structure for procuring supply for non-shopping customers served by the standard service offer. AEP Ohio does not own generation and simply passes through the auction cost to our SSO customers. This bill would upend that system by mandating the EDUS to purchase all the output of the facilities. This provision eliminates the risk of the community solar developers while injecting uncertainty into the SSO auctions and again creating a wealth transfer from Ohioans to these developers. Again, one is left asking why such a scheme would be undertaken at the expense of residential customers and to the benefit of out-of-state speculators?

We also note that the cost study analysis provided by the proponents includes hundreds of millions of dollars in avoided cost of carbon emissions, avoided transmission charges, offsetting PJM revenues and other difficult-to-quantify items.

AEP Ohio remains confident that this bill will raise rates at the expense of our customers to guarantee profits for out-of-state developers while doing nothing to address the state's serious resource adequacy concerns.

A handwritten signature in blue ink, appearing to be "Steve Van" or similar, written in a cursive style.