
Senate Energy and Public Utilities Committee

Chris Hollon, AES Ohio - Opponent Testimony on Senate Bill 102

June 20, 2023

Chairman Reineke, Vice Chair McColley, and Ranking Member Smith, my name is Chris Hollon, and I am Senior Counsel for AES Ohio.

AES Ohio, formally The Dayton Power & Light Company, serves over 525,000 customers in west-central Ohio. Our 2,900 employees and retirees have served as the backbone for reliable and affordable electricity across a 6,000 square mile service territory in 24 counties for over 100 years. AES is a US-based, global power company giving us a unique perspective to develop and deliver energy solutions. Our Dayton roots mean that we are completely integrated and invested in the Miami Valley community. We share the experiences we have so that we can bring innovation and a broad range of solutions to Ohio.

On behalf of AES Ohio, I am testifying to express our opposition to SB 102. The bill re-writes much of Ohio's electric utility regulatory structure, creating uncertainty and risks for both customers and utilities. While AES Ohio believes there are ways to improve the ratemaking process that balance the needs of our customers and the company, SB 102 does not accomplish those goals. In fact, many of the bill's proposals may inadvertently lead to increased utility prices and create new regulatory burdens, ultimately delaying benefits to customers.

Among the areas needing attention are:

- The bill proposes to eliminate the regulatory structure of the Electric Security Plan (ESP). The Ohio ESP process is well understood and developed, providing a clear understanding to all parties. This comes at a time when AES Ohio is awaiting an order in its most recent ESP proceeding that is intended to return the company to a sound financial position and provide significant benefits to our customers. Furthermore, AES Ohio's ESP is the product of a settlement that balances the needs of all parties.
- A new mechanism, the interim distribution mechanism (IDM), introduced in this bill would create more regulatory gridlock that could hamper economic development and utility investment intended to ensure continued safe and reliable service to customers.
- New restrictions on utility owned generation are contrary to recent PJM Interconnection testimony before this committee about their concerns regarding reliability. In addition, FERC officials have discussed options for policies in direct opposition to SB 102. It is clearly not the time to further limit Ohio's autonomy when it comes to supplying electric generation.
- The bill neglects the crucial need to address recent FERC decisions that are unfavorable to Ohio transmission owners.

These and other proposed changes would combine to depress capital investments at a time when economic development opportunities abound, and electric transmission and distribution are key components to the expansion of Ohio's economy.

As stated above, the stability of Ohio's regulatory compact takes on special importance for AES Ohio as we complete the company's return to sound financials. Changing the current structure could disrupt important investments the company is making in both the transmission and distribution grid for our customers. Ensuring a consistent state regulatory environment plays a key role in our ability to invest in the grid resulting in reliable service to Ohio customers.

We welcome conversations regarding energy policy and believe it is time for Ohio to develop a comprehensive energy strategy responding to emerging energy technologies and innovations. The AES Ohio team is available to discuss SB 102 and any other industry related issues. Thank you for the opportunity to testify today, and I am available to answer questions from the committee.