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**Senate Energy and Public Utilities Committee**  
**Senate Bill 151 Sponsor Testimony**  
**Repeal Legacy Generation Resource Provision of House Bill 6 and Provide Refunds**  
**September 20, 2023**

Chairman Reineke, Vice Chairman McColley, and members of the Energy and Public Utilities Committee.

Senate Bill 151 would save Ohio residents and Ohio businesses millions of dollars by repealing the OVEC coal bailout subsidies that were included in the tainted House Bill 6 legislation from the 133rd General Assembly. Which is why Senate Bill 151 is needed now.

**OVEC Background**

The Ohio Valley Electric Corporation (OVEC) operates two coal plants - Kyger Creek in Ohio and Clifty Creek in Indiana. OVEC was initially developed in response to national security concerns in the 1950s. OVEC had a contract with the US Department of Energy to provide power for uranium enrichment facilities. In 2003, the Department of Energy ended their contract with OVEC, and the 1950s era coal plants sold their service to the Ohio Investor Owned Utilities to compete in the deregulated generation market within the PJM Interconnection regional transmission footprint. In 2011, the utilities extended their OVEC agreement through June 30, 2040. But soon thereafter with higher costs, the aging coal plants could not match the efficiency of the newer technology of natural gas.

Legislation to bailout OVEC was introduced in prior General Assemblies but it could not muster majority support of either Chamber. It was not until it was combined with the nuclear bailout legislation that it was able to pass.

**OVEC Costs to Date**

The coal plants were built before the Ford Edsel hit the market and they are inefficient. An Ohio LSC analysis estimated that OVEC members could have saved \$94.3 million in 2018 by buying energy in the PJM open market instead of from the OVEC plants.

The Ohio Consumers Council has a rolling tab of how much the OVEC bailouts are costing Ohioans. Since January 1, 2020, OCC estimates the two coal plants have cost the people that sent us here, over \$218 million dollars and continues to cost them \$153,000 a day. Members of the Senate Energy and Public Utilities Committee, that means Ohioans, since the enactment of HB 6, have spent over \$100 million dollars to keep a coal plant in Indiana open for business.

For that reason, one of the questions for this Committee and this General Assembly to consider is: What is the benefit gained for Ohioans to subsidize these uneconomic plants one of which none of us represent?

The following is from a memo to the Ohio Manufacturers Association written by John Seryak (dated March 24, 2023): “The OVEC power plants do not typically make enough profit to cover the costs of their own debt payments. As a result, OVEC charges its electric utility sponsors – including AEP Ohio, AES Ohio and Duke Energy Ohio – for the remaining costs. Thus, OVEC’s costs would directly eat into the profits of the electric utilities IF paid by the Ohio utilities. So, to protect their profits, the Ohio electric utilities have repeatedly requested subsidies from their own customers to cover the losses.”

### **Projected Costs**

Using recent energy market data, the OMA memo points out that OVEC made money in 2022 when energy prices spiked due to the Russian invasion of Ukraine but please note that was the only time OVEC was profitable in the last seven years. OVEC is only profitable when energy costs are very high and their fuel costs are very low. Now that global energy prices have stabilized again, the memo predicts that the OVEC subsidies collected by Ohioans will exceed \$450 million dollars between this summer and 2030.

So my second question is based on those future cost projections: how is continuing the OVEC bailout in the best economic interest of Ohioans?

Mr. Chairman, the purpose of this legislation is to stop wasting the money of hard-working Ohioans. While the exact dollar amounts are hard to calculate, it is clear that millions of dollars have been wasted as a result of the coal plant bailout contained within House Bill 6. But if we do not act, the future costs could be twice as much moving forward.

Thank you for the opportunity for my cosponsor and I to stand before you, I welcome any questions on this legislation.