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MAKING A BETTER WORLD FOR ALL OHIOANS.

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January 22, 2024

Ohio Chemistry Technology Council Written Testimony In Support of Senate Bill 143

Chairman Reineke, Vice Chairman McColley, Ranking Member Smith and members of the Senate Energy and Public Utilities Committee, thank you for the opportunity to provide written testimony in support of Senate Bill 143 (SB 143).

OCTC is the leading advocate for Ohio's chemistry industry. Ohio is the third largest chemical manufacturing state in the country. The chemistry industry in Ohio employs more than 40,000 people, pays an average annual wage of over \$100,000, and contributes more than \$31 billion to the state's economy.

The OCTC represents manufacturers that are industrial scale consumers of electricity. For many of our members, energy costs are the first or second largest expense every year. It is vitally important that our members have access to abundant, reliable, and affordable energy so that they are able to remain competitive in the global marketplace.

SB 143 would repeal Ohio's electric security plan (ESP) statutes and move to a market rate offer (MRO) to set electric utility rates. The ESP law was originally intended to promote reliable and reasonably priced electric retail service at a time when our competitive market was still underdeveloped in Ohio. At the time, adding flexibility in the regulatory environment was viewed as necessary to protect consumers against volatility. However, the law created an unintentional loophole under which an electric distribution utility (EDU) could use the ESP statute to effectively increase their rates while avoiding the scrutiny of a distribution rate case.

With a decade and a half of experience under our belt, it is clear that ESPs are not working. EDUs have continually used this mechanism to add riders on top of riders, leaving consumers with rapidly rising energy costs



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and little recourse. Large consumers like manufacturers get stuck with the lion's share of these costs.

SB 143 would eliminate the abuse of ESPs by requiring a competitive bidding process through the MRO. OCTC supports the bidding process as competition will produce greater savings for consumers and incentivize efficiency for all market participants. SB 143 would also require that EDUs undergo a distribution rate case at least once every five years. OCTC supports this measure to ensure that utilities are properly justifying all their expenses which will result in fair, affordable rates for all consumers. Transparency and competition are hallmarks of a good ratemaking structure, and SB 143 delivers on both.

SB 143 is a common-sense solution that applies a market driven approach to electric utility ratemaking. The bill will save Ohio ratepayers money and ensure that our member companies can remain competitive. OCTC respectfully requests that the committee support this legislation. Thank you for the opportunity to submit testimony on this measure. Please feel free to reach out to us with any questions you may have.