

Ohio Senate Energy & Public Utilities Committee

Proponent Testimony of

NRG Energy

Melville Nickerson

Director Of Government Affairs - Central Region

Senate Bill 174

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Chairman Reineke, Vice-Chair McColley, Ranking Member Smith and members of the Senate Energy & Public Utilities Committee, thank you for the opportunity to speak to the merits of Senate Bill 174, which allows consumers to voluntarily purchase natural gas and carbon-offsets together to ensure natural gas remains a vibrant fuel for reliability while simultaneously meeting corporate or client-based sustainability goals.

My name is Melville Nickerson and I serve as the Director of Government Affairs - Central Region for NRG Energy Inc.

NRG is a publicly traded, fortune 500 company, we generate electricity for sale on the wholesale market in PJM and other regional transmission operators and we sell natural gas and electricity to industrial commercial and residential customers, saving our customers money and offering innovative services to meet their needs. Ohio is our largest Midwest market where we serve almost half a million customers and employ over forty individuals.

Under SB174, natural gas consumers, specifically commercial and industrial customers, would have the option to offset their natural gas consumption with approved carbon offsets. Alternative natural gas suppliers would have the option to voluntarily offer natural gas along with carbon offsets to their customers. The retail gas supplier may recover from the natural gas consumer the costs of the carbon offsets secured through the program as well as a reasonable administrative fee. The program is completely voluntary, and it does not shift costs to anyone but the company who chooses the program.

Let me provide you a realistic example of the type of company that might want to purchase this product. Let's say you are a small Ohio manufacturer who has made a decision to reduce your carbon footprint, or you have a national or international customer that has voluntary or required sustainability goals, having a pathway to meet your goals is critical. However, as we see in many communities across Ohio, your factory is located in an industrial park and you don't control your building, or the land. This program would allow you to buy this product as an option. And yes, representatives of our company have talked to Ohio companies that have this problem.

We have met with a number of stakeholders of this Legislation and the response has been generally very positive or neutral. The utilities identified that the reporting requirement may incur costs on their side to adjust the bill to include this information, and we would be supportive of allowing them to recover that cost as appropriate.

I want to thank Senator Lang, and especially Senator Wilkin for introducing this important legislation, and for their leadership on this issue. I hope this Committee will look favorably on passing this bill.

I would be happy to try an answer any questions the Committee has at this time.