

November 18, 2024

Hon. Bill Reineke  
Chairman  
Ohio Senate Energy & Public Utilities Committee  
1 Capitol Square  
Columbus, Ohio 43215

Dear Chairman Reineke:

On behalf of AES Ohio, I appreciate the opportunity to present testimony on Senate Bill 275. AES Ohio values the committee's efforts to address energy generation policy in Ohio; however, we must express our opposition to SB 275 as currently drafted. While we support the goal of expanding Ohio's generating capability, SB 275's provisions for virtual net metering and meter aggregation raise several significant concerns.

Virtual net metering is a billing mechanism that, in Ohio, subsidizes and provides benefits to a few that have the means to invest. Implementing virtual net metering and meter aggregation would require substantial investments in grid infrastructure and technology upgrades. These costs would ultimately be passed on to all customers, potentially leading to higher electricity rates.

In today's regulatory structure, a customer could work with a Competitive Retail Electric Service provider to achieve similar outcomes; nothing prohibits a Competitive Retail Electric Service provider from contracting to buy electric from one customer and contracting to sell it to another.

The current version of HB 275 introduces complex regulatory and operational challenges that could hinder effective implementation. Clear guidelines and robust oversight mechanisms would be necessary to ensure fair and efficient operation, which are currently lacking in the bill.

AES Ohio believes there are more balanced approaches to achieving Ohio's generation goals without compromising grid reliability or imposing costs on non-participating customers. As an example, we recently partnered with two organizations on a generation-related project. The University of Dayton (UD) has contracted Tallgrass Energy and AES Ohio in the development of a waste-heat project at a Tallgrass facility in the AES Ohio service territory. This project is an example of how a customer can contract for generation and build generation without harming other customers. There is no virtual net metering, all generation costs are charged only to UD and UD continues to pay for Distribution costs as it does today. In fact, the new generator will be paying for use of the distribution system.

In conclusion SB 275, in its current form, presents significant challenges that could challenge grid reliability, increase costs for non-participating customers, and introduce regulatory complexities. We urge the committee to consider alternative approaches that achieve the desired outcomes.

Sincerely,

Nathan Parke  
Director, Innovation & Sustainability