

**BEFORE THE ENERGY COMMITTEE
OF THE HOUSE OF REPRESENTATIVES
HOUSE BILL 15**

**PROPONENT TESTIMONY OF JAMES DUNN
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AS SUBMITTED

Chairman Holmes, Vice Chairmain Klopfenstein, Ranking Member Glassburn, and members of the House Energy Committee, thank you for the opportunity to present testimony in support of House Bill 15 (HB 15).

My name is James Dunn, and I am Senior Counsel at One Power Company (One Power). One Power is a vertically integrated industrial power company that develops, builds, owns, and operates MW-scale, high-voltage power systems to deliver a range of power solutions to our industrial customers.

For example, One Power is the largest installer and owner of behind-the-meter wind energy in the United States. One Power has also pioneered and currently offers other physical solutions for industrial customers including electrified industrial parks designed to meet the power needs of emerging and energy-intensive industries of the present and future, such as hydrogen production, digital currency mining, data centers, and indoor farming. As part of this solution, One Power built, energized, and commissioned the first fully digital substation in the United States.

One Power believes in competition, and in promoting private investment in energy infrastructure. We believe HB 15 takes critical steps towards advancing both in the state. Notably, some of the changes it makes to Ohio law are as follows:

- HB 15 mandates that utilities implement the standard service offer through a market rate offer, instead of through an electric security plan, as is currently done. This will save customers money by eliminating single issue ratemaking and encourage more prudent investment by the utilities through a more standard rate making process.

- HB 15 also prohibits utilities from owning generation and offering competitive retail services and removes resource generation subsidies. These changes will help provide more efficient signals to market participants interested in building generation in Ohio and will remove unnecessary subsidies.
- Finally, HB 15 removes the tangible personal property tax for infrastructure used to generate electricity and instead focuses the tax on transmission and distribution assets. If done properly, this will further promote investment in generation resources in the state.

While we believe that the bill is headed in the right direction, there are some minor clarifications that we believe are necessary. As written, HB 15 includes language that could allow a utility to unilaterally set standards for financial security. Although the proposed language in the bill seems to intend to exempt brokers and aggregators from the financial security requirements, it is not drafted as clearly as it could be. I have included proposed clarifying edits to the language at the end of my testimony for your consideration. Overall, exempting brokers and aggregators from these financial security requirements makes practical sense since they do not take title to electricity and, therefore, do not pose a risk in the event of default.

In addition to those clarifications, One Power has some questions about the tangible personal property tax elimination for generation-related equipment and some of the nuances around that change. One Power is currently asking those questions to LSC so that it understands how that change works better before taking a firm position on it.

Finally, we are eager for the General Assembly's broader energy discussion and intend to provide specific input in the coming weeks regarding changes in Ohio law that would create a clearer regulatory framework to promote private investment in generation and electric infrastructure in Ohio.

In conclusion, we thank you for your time and are excited about the opportunity to collaborate with lawmakers on both this bill and the broader energy conversation in Ohio.

TEXT OF PROPOSED CHANGES

Add the language in bold upper case to HB 15:

Sec. 4928.08. (B)(2) The public utilities commission shall establish rules to require an electric services company to maintain financial assurances sufficient to protect customers and electric distribution utilities from default. Such rules also shall specifically allow an electric distribution utility to set reasonable standards for its security and the security of its customers through financial requirements **FOR ELECTRIC SERVICES COMPANIES APPROVED BY THE PUBLIC UTILITIES COMMISSION AND** set in its tariffs.

(3) As used in division (B)(2) of this section, an “electric services company” has the same meaning as in section 4928.01 of the Revised Code, but excludes a power broker or aggregator. [Lines 576-582]

Sec. 4929.20. (B)(2) The commission shall establish rules to require a competitive retail natural gas supplier to maintain financial assurances sufficient to protect customers and natural gas companies from default. Such rules also shall specifically allow a natural gas company to set reasonable standards for its security and the security of its customers through financial requirements **FOR RETAIL NATURAL GAS SUPPLIERS APPROVED BY THE PUBLIC UTILITIES COMMISSION AND** set in its tariffs.

(3) As used in division (A)(2) of this section, “retail natural gas supplier” has the same meaning as in section 4928.01 of the Revised Code, but excludes a broker or aggregator. [Lines 2042-2048]