

#### House Committees

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## **Representative Sean Patrick Brennan 14<sup>th</sup> House District**

### **Sponsor Testimony on H.B. 265 - Submetering Reform Act 6-4-25**

Chairman Holmes, Vice Chair Klopfenstein, Ranking Member Glassburn, and Members of the House Energy Committee:

Good afternoon, and thank you for the opportunity to present sponsor testimony on H.B. 265 – the Submetering Reform Act. I’m proud to be here today alongside my joint sponsor, Representative Tex Fischer.

Together, we speak on behalf of Ohio’s residents—families, seniors, college students, and vulnerable citizens—who are increasingly affected by utility practices that exist outside the protective framework this legislature has long established for fairness, transparency, and accountability. I am speaking specifically about the unchecked and growing practice of *submetering*.

Submetering, in theory, may sound harmless: a landlord or third-party company measures and resells utility services—electricity, gas, water—within a multi-tenant property. But in practice, these companies operate in a legal gray zone. They walk, talk, and act like public utilities—but they are not regulated as such.

These companies purchase bulk utility services from traditional utilities, then resell them to end users at rates of their own choosing. They charge for service, send bills, impose late fees, and even disconnect customers—but unlike utilities regulated by the Public Utilities Commission of Ohio (PUCO), they are subject to virtually no oversight.

Our legislation aims to close this regulatory loophole. It will define submetering entities as public utilities under Ohio law and bring them under PUCO jurisdiction. That means these companies would be required to follow the same rules as traditional utilities, including:

- justifying rates and charges,
- providing clear, timely billing,
- following established disconnection procedures,
- offering access to consumer assistance programs like PIPP and HEAP,
- and allowing for dispute resolution and appeals,

Right now, many Ohioans living in apartments, condominiums, manufactured home parks, and campus housing are stripped of these basic rights. They are subjected to:

- excessive, unregulated markups on essential utilities,
- opaque and inaccurate billing,
- the inability to take advantage of time-of-day rates and other demand-side programs that improve grid reliability,
- disconnection notices without due process,
- ineligibility for low-income assistance programs,
- no access to consumer choice or energy savings programs,
- and zero representation in rate cases or utility proceedings.

Some tenants are lured in by affordable rents, only to discover their monthly electric, gas, and/or water bills are far beyond what would be expected from regulated service providers.

Further, submetering companies distort the competitive market that leads to traditional utility consumers subsidizing their business practices. Traditional utilities design rates based on a mix of residential, commercial, and industrial customers, as well as costs associated with infrastructure, assistance programs, grid resilience, licensing, reporting, among others. When submetering companies exploit rate categories by purchasing at the commercial rate and selling at the higher consumer rate, the traditional utility planning assumptions break down and costs are not properly recovered, shifting the cost burden to traditional ratepayers.

This is not just our assessment. Former PUCO Commissioner and Director of the Harvard Electricity Policy Group, Ashley Brown, has underscored the dangers of submetering operating without regulatory guardrails. The PUCO itself has flagged the lack of consumer protections. And Ohio Supreme Court Justice Patrick DeWine rightly noted that submetering has become a “big business” that merits legislative attention.

Media outlets across the state have chronicled the harm caused by these unregulated practices, with no shortage of consumer horror stories. These are our constituents—our neighbors—who are being treated like second-class utility customers simply because of the way their service is delivered.

Let me be clear: we are not seeking to eliminate submetering, but leveling the playing field. If an entity is engaging in utility-like behavior—selling essential services, sending bills, and disconnecting customers—they should be held to the same standards as any other utility. In short: if it looks like a utility, acts like a utility, and charges like a utility—it *is* a utility. And it should be regulated accordingly.

This bill is a bipartisan, pro-consumer solution. It doesn’t disrupt innovation or private enterprise. It simply restores fairness and accountability in an area that has gone too long without either. We owe it to the people of Ohio to ensure that no one profits from operating in the shadows of our utility laws, especially when they offer no added value to the consumer.

I would like to add that our bill is in line with this committee’s mission statement, including the provisions to incentivize Ohio energy sector market forces, ensure affordability for Ohioans, and increase public awareness and advocacy.

Representative Fischer and I are proud to bring this legislation forward, and we welcome your questions and partnership as we work to protect Ohioans and restore integrity to the delivery of essential services.

Thank you, Mr. Chairman and members of the committee, for your time and consideration.

