



OHIO BUSINESS ENERGY PARTNERSHIP

BEFORE THE HOUSE ENERGY COMMITTEE PROPONENT TESTIMONY ON HOUSE BILL 427

Chairman Holmes, Vice Chair Mathews, Ranking Member Rader, and members of the House Energy Committee, thank you for the opportunity to provide proponent testimony on House Bill 427 (HB 427). My name is Kevin Shimp and I am an associate attorney at the law firm Dickinson Wright testifying on behalf of the Ohio Business Energy Partnership.

The Ohio Business Energy Partnership (OBEP), newly founded in 2024, is a business organization of large energy users with a mission to bolster the ability of Ohio companies to access clean energy in the Buckeye State through the power of competitive markets. Board members of the Ohio Business Energy Partnership include the Ohio Chamber of Commerce, Bath & Body Works, Ohio Environmental Council, and Greater Cleveland Partnership.

In our efforts to support a robust and competitive energy market, OBEP supports House Bill 427. This legislation will result in a more reliable grid and help lower costs for Ohio businesses. This legislation addresses the demand side of Ohio's energy equation, by enabling Ohio residents and small businesses to actively manage their energy consumption by enrolling in voluntary demand response programs. House Bill 427 also builds upon the General Assembly's enactment of HB 15 by increasing access to voluntary demand responses programs that can curtail energy demand, bolster grid reliability, and help contain energy costs.

House Bill 427 authorizes customers to opt-in to demand response programs that will enable a utility to reduce their energy consumption at peak times by cycling off an air conditioner, reducing a water heater's temperature, or other actions in exchange for a payment to the customer. Importantly, House Bill 427 requires these voluntary programs to allow customers to override any demand reduction event.

Other key provisions in the bill require the PUCO to evaluate all proposed demand response programs for cost-effectiveness before granting approval. Crucially, the legislation allows utilities and CRES providers to bid the energy reductions achieved by these programs into the regional transmission organization's capacity market. By bidding these savings into the marketplace, HB 427 creates programs that will lower electric bills for Ohio businesses. Revenue earned from bidding into the capacity market must then offset the costs of the demand response program, maximizing the financial benefit to the system.

Additionally, these demand response programs are entirely voluntary, and the utility adds no billing charge to an Ohioan's utility bill because of a program's existence. Instead, participation helps drive down energy costs for all consumers. These programs result in savings for all consumers because demand response programs reduce energy consumption during peak

hours, which results in lower "coincidental peaks." Those lower peaks then result in less expensive energy prices for the entire system since the demand is lower at times when energy prices are at their most expensive.

In closing, the Ohio Business Energy Partnership urges your favorable consideration of House Bill 427. This legislation will modernize our state's approach to energy demand by giving consumers and small businesses new tools to manage their costs, while also ensuring a more reliable and cost-effective energy future for the Buckeye State.