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October 15, 2025
Before the House Energy Committee
Opponent Testimony on House Bill 303

Chairman Holmes, Vice Chair Mathews, Ranking Member Rader and House Energy committee members, my name is Steve Nourse, VP-Legal for AEP Ohio. Thank you for allowing me to submit written testimony in opposition to House Bill 303 (HB 303).

Headquartered in Gahanna, AEP Ohio serves 1.5 million customers across 61 Ohio counties. With over 1,300 employees that live in the communities we serve, AEP Ohio is proactively working to redefine the future of energy in this state, in addition to developing innovative solutions that power communities and improve lives across Ohio.

While we appreciate the work of the bill sponsors and this committee on HB 303, AEP Ohio remains opposed to HB 303 in its current form because it will force customers not participating in the proposed "community energy" programs to subsidize these projects.

The supporters of HB 303 recently stated in testimony that "Ohio subscribers [would] only see a credit on their bill for their supply charges, the customer would still pay for the poles and wires thus the EDUs infrastructure continues to be supported." As AEP Ohio has testified in the past, this is not accurate. Let me explain why that is.

Lines 384-387 of HB 303 clearly define "retail rate" as including *all costs* of providing generation service, *transmission service*, and distribution services. Lines 392-399 then say that participating customers subscribed to a community energy facility *shall* receive a bill credit for their share of output from the facility equal to the "retail rate", minus only specified *distribution* charges.

This means that – contrary to the proponents' assertions otherwise – subscribing customers will certainly have all their costs, minus only specified *distribution* costs, subsidized by non-subscribing customers. Of course, this "formula" for the bill credit ensures a free ride for subscribers on the transmission system (with the cost necessarily being picked up or subsidized by other non-participating customers). Further, distribution rates reflect the cost of distributing power to customers and do not reflect the additional cost impacts of transporting power from community energy facilities on the grid to subscribers at different locations – so it is arbitrary to formulate the bill credit by subtracting distribution rates from the total electric charges. Moreover, the potential for adjusting the bill credit (in lines 424-426) based on the one-sided "value stack" ignores the potential for additional costs and burdening the grid and potentially adversely impacting reliability. Indeed, the legislation even contemplates that the bill credits could exceed the total electric bill (lines 430-431) even though the bill credit formula is supposedly designed to avoid the transmission charges. Tellingly, however, industrial customers are firmly protected from paying the subsidy (lines 380-383) while other consumers are left vulnerable to support the subsidy.

Separately, the proponents also indicated the projects that will be constructed under HB 303 will make more efficient use of existing infrastructure and reduce costs to ratepayers. This is misleading because the bill simply requires that the facility needs to be in the same county or contiguous county of a subscriber. That can cover a large geographic area and sections of the grid that may already be constrained or designed without contemplating such a program. The lines serving the customer may or may not be experiencing capacity issues, but they will certainly not be assisted by building extra capacity in the next county.

It is also highly speculative to conclude that any transmission costs will be reduced by the construction of community energy facilities simply because these facilities would be interconnected to the distribution system. Transmission facilities will continue to be needed to maintain service to the customer since the subscriber is not required to be on the same distribution circuit as the subscribed facilities.

There are other provisions of HB 303 that are also likely to harm AEP Ohio's non-participating residential customers. For example, the project developers are entitled to accumulate bill credits for the unsubscribed output of their projects. For up to 12 months after a credit is accumulated, AEP Ohio is required to award these bill credits to future subscribers at the direction of the community energy developer. Additionally, the bill at line 400, requires the PUCO to set the bill credit "at a reasonably compensatory level to create a financeable community energy market", but no one seems to know what that "reasonably compensatory level" will be or how it will be calculated. This will create confusion, uncertainty and litigation.

AEP Ohio believes there is a path forward on HB 303. However, to get to that point, AEP Ohio respectfully requests that the committee amend the bill to make clear that all costs of these "community energy" projects will be paid for entirely by the project developers and subscribers, not by AEP Ohio and non-participating customers.

Thank you very much for the opportunity to testify in opposition to HB 303.