

**Ohio Senate**

Senate Building
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Committees:

Energy
Public Utilities – Vice Chair
General Government
Higher Education
Transportation
Rules and Reference

Bill Reineke

Senate President Pro Tempore
State Senator
26th Senate District

Chairman Chavez, Vice Chair Landis, Ranking Member Smith and members of the Senate Energy Committee, thank you for allowing me the opportunity to give sponsor testimony on Senate Bill 2.

This comprehensive bill is designed to create a competitive electricity market, bringing new power generation investment to Ohio to meet the growing demand on our electric grid. This legislation's goal is to ensure there is an abundance of reliable and affordable energy as Ohio continues to grow and be a hub for economic development. The bill is designed to strategically, and clearly, prevent cost transference to the consumer, our constituents.

The growing rate of demand on our grid compared to the rate of new generating resources is not adequate and it is vital new generation facilities are operating sooner than what occurs under current legislation. Ohio's surge in investment projects and data centers are great for economic development, but reports from Ohio Utilities, PJM, and NERC all point to new demand of more than 5GW by 2030, leaving Ohio with an energy shortage.

While it has been recognized that Ohio is part of PJM, we are one out of the 13 member states. PJM has become our RTO, and we will need to continue with their guidance. Ohio as a state, has tried to make PJM more accountable, and need to continue with our questions and concerns. The previous Energy and Public Utilities Committee, have requested answers, and the present committee will need to, and I know will, help Ohio reach our goal of having a reliable, abundant and affordable grid.

Senate Bill 2 sets the framework for an ambitious energy market, by permitting competitive intrastate transmission, removing, reducing, or simplifying barriers for electric generating companies.

I believe we need to keep energy affordable for the consumer. This legislation repeals the Electric Security Plan (ESP's) and requires all Standard Service Offers (SSO) to be market rate offers and prohibits future electric distribution utility ownership of generation. It prohibits electric distribution utilities from bidding into the whole sale market with assets that were approved by the PUCO for distribution use and were paid for by distribution customers.

Additionally, it removes the Tangible Personal Property Tax from new incoming generation. Current TPP taxes will stay in place and not effect local revenues. These incentives will bring new generation to Ohio to help us meet our ever-growing demand needs and allow us to be competitive with other states.

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SB 2 incentives are not dollars subsidies given or handed out by us, as a government, but are free market incentives driven by our change of legislation, as mentioned above.

This bill repeals the OVEC subsidies enacted in House Bill 6 and prohibits future ratepayer subsidization of the power plants. These subsidies have added \$670 million to consumer bills. It has also been stated that these plants are operating without the need for subsidies.

SB 2 repeals the utility solar subsidies enacted in House Bill 6. This fund has collected \$60 million and only spent \$10 million statewide on 5 projects. Future ratepayer subsidization will be prohibited.

Senate Bill 2 puts timelines on rate cases for Electric Distribution Utilities, the PUCO, and Ohio Power Siting Board.

All electric distribution utilities must go in for a rate case by 2030, the PUCO must have a rate case completed within 275 days with no discovery allowed after 215 days, all cases at the OPSB must be completed in 90 days, and there is a removal of the ability for cash payments to be paid out at the PUCO for rate cases, and an addition of an overcollection mechanism to give money back to ratepayers by the Ohio Supreme Court.

Furthermore, consumer protections in the bill include, supplier consolidating billing, on-billing financing, purchase of receivables, and seamless enrollments. It also increases competitive retail electric service/competitive retail natural gas service bonding requirements and requires customer notifications prior to contract expiration and transitions from fixed to variable costs.

As our load growth continues to grow on a high scale, the ability for self-generation will help address concerns about grid constraints. A clear framework for self-generation will enable very large users, such as data centers to use a range of technologies, including behind the meter baseload generation. This would be a private investment with no ratepayer funding and because they will serve the customer directly, they will not be subject to the long PJM interconnection process. Minor clarifications, such as clarifying the definition of “self-generator” and creating language for a mercantile customer self-power system are impactful changes which will provide a way for large users (data centers) to use self-generation solutions.

Additionally, after reviewing the Ohio Business Roundtable Energy Competitive Study, Senate Bill 2 creates Priority Investment Areas. The hope is to encourage development in brownfield and former coal sites. The developer would work with the local entity with jurisdiction over the

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site to apply to the Department of Development to classify the property as a Priority Investment Area. Incentives would include no TPP tax on new generation as well as no TPP tax on new transmission or pipeline infrastructure for 5 years. Finally, the bill creates an expedited process at the Ohio Power Siting Board, by making the OPSB decide within 45 days for PIA projects.

Senate Bill 2 is a competitive, comprehensive energy plan to bring more power generation to the State of Ohio through market driven solutions. Why can't we make Ohio a net exporter rather than importer of energy? Let's meet the demand and load growth of our energy grid, while keeping the consumer costs low and the lights on.

Thank you for the opportunity to testify on Senate Bill 2, I would be happy to answer any questions.