



THE BUCKEYE INSTITUTE

Creating Energy Policy for a 21st Century Ohio

Interested Party Testimony
Ohio Senate Energy Committee
Ohio Senate Bill 2

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Chair Chavez, Vice Chair Landis, Ranking Member Smith, and members of the Committee, thank you for the opportunity to testify on the policies in **Ohio Senate Bill 2**.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Until recently, U.S. demand for electricity had been relatively flat for years. Regulators and grid operators built generators and transmission lines accordingly, expecting that energy demand would continue to grow slowly. Those projections proved inaccurate as computer data storage, artificial intelligence programs, electric vehicles, and cryptocurrencies have emerged rapidly to require and consume massive amounts of electricity. New forecasts now predict that data centers alone will consume almost 10 percent of America’s total electricity consumption by the **end of the decade**.

Energy supply should rise with demand. But government policies have artificially limited supply of less expensive, dispatchable energy, favoring more expensive and less reliable “green” energies. Bureaucracies at every level encourage reliable power producers to close or never open, and have made powerplant upgrades and expansion difficult, costly, and time-consuming. These preferences aimed at reducing the “carbon footprint” contravene the simultaneous demand for ultra-reliable energy for AI-computing, cryptocurrency mining, and data storage centers that must be powered around the clock.

In the long run, Ohio families and businesses need good energy policy to ensure a healthy supply of affordable, reliable energy to meet the state’s rising consumer demands. State, local, and federal regulations have made reliable energy more expensive to generate, and recent policy preferences favoring intermittent energy sources jeopardize the region’s power grid. Government subsidies have distorted energy markets, rewarded inefficiencies, hampered competition, and limited innovation. Ohio deserves smarter, principled energy policies that reduce bureaucratic red tape and help power supply keep pace with new demands.

Fortunately, Senate Bill 2 largely follows the principled energy policies recommended in a recent **report** by The Buckeye Institute and Americans for Prosperity.

End Government Subsidies That Damage Energy Markets

Subsidies distort markets and corporate decision-making. They protect companies from competition and prevent them from creating and delivering better products. Companies spend on lobbying politicians to maintain or increase their subsidies rather than spending on innovation, customer service, staff, or expansion. Subsidies come from taxpayers. They take money from businesses and families and redirect it to government-favored entities. The Biden administration’s Inflation Reduction Act gave hundreds of billions of dollars in **subsidies** to green energy projects, distorting the decisions of energy suppliers to build or upgrade energy plants. In Ohio, unnecessary tax-payer subsidies for the Ohio Valley Electric Corporation included in the notorious **House Bill 6** still remain. Despite this being more complicated than is often

portrayed in the press, these subsidies should still be eliminated as Ohio pursues a wiser energy policy.

Focus on Energy Reliability and Affordability

Electricity is fundamental to American life and should be affordable and available when needed. Policies must ensure that power grids remain operational during inclement weather and high demand. Energy policies that encourage power plants to retire early make electricity more expensive and less reliable by restricting supply in the face of rising demand.

The Permitting Process Needs to be Faster and More Efficient

Federal, state, and local approvals needed to build powerplants and transmission lines can **delay construction** for years if not decades. The permitting process for powerplants, especially at the federal level, should be easier. The transmission permitting process has become increasingly cumbersome at the state and local levels, which makes it harder to get affordable electricity to where it is needed. Ohio policymakers should encourage federal reforms and pursue state policies that streamline rules and make permitting for energy infrastructure more efficient.

Environmental Policies Should Promote Well-Being

Clean air and water contribute to the well-being of people. Businesses and families should be encouraged to adopt policies that keep their communities and outdoor areas clean, but those decisions should be voluntary and people should not be **coerced** to buy certain products in the name of energy efficiency.

Abundant Energy is Needed for Prosperity

Businesses of every type and in every sector need energy to operate. Affordable, plentiful energy allows businesses to operate more competitively and profitably, which in turn spurs additional growth and prosperity for owners, shareholders, and employees. Policymakers should pursue energy and environmental policies that keep energy affordable and readily available.

Promote Transparency and Competition

Market and industry transparency promote competition, and competition leads to innovation and affordability. Energy companies should be transparent about their environmental impacts and their needs for new energy projects. Ohio utilities, for example, should publicize maps that show current and projected transmission line capacity to encourage businesses to locate in areas with fewer capacity constraints. And energy regulators should encourage competition by not favoring certain companies or energy types. Energy providers should succeed and fail on the merits of their products and services, not government subsidies or regulatory favoritism.

Senate Bill 2 hews closely to these principles by:

- Eliminating lingering subsidies;

- Improving the Power Siting Board process;
- Preventing a reversion to re-regulation;
- Easing burdens on developers of energy generators;
- Ensuring the development of reliable baseload energy development; and
- Promoting competition.

The Buckeye Institute offers several more ideas for legislators to consider.

First, given the massive energy needs of Ohio’s new manufacturing plants and data centers, energy generators should be permitted to work directly with those new and existing heavy electricity users to meet their power needs. Resources can be pooled and “microgrids” or behind-the-meter “islands” could be created that are not directly plugged into the overall electricity grid. Such a strategy offers several benefits. Projects could be built more quickly if largely exempt from Public Utilities Commission and Power Siting Board oversight because they would not be connected to the same residential, commercial, and small-industrial energy grid. Removing the largest electricity consumers from the main grid would relieve legitimate concerns that new industrial-scale users will pull too much electricity and disrupt service for others. And it would curb the potential for cost-shifting to other consumers.

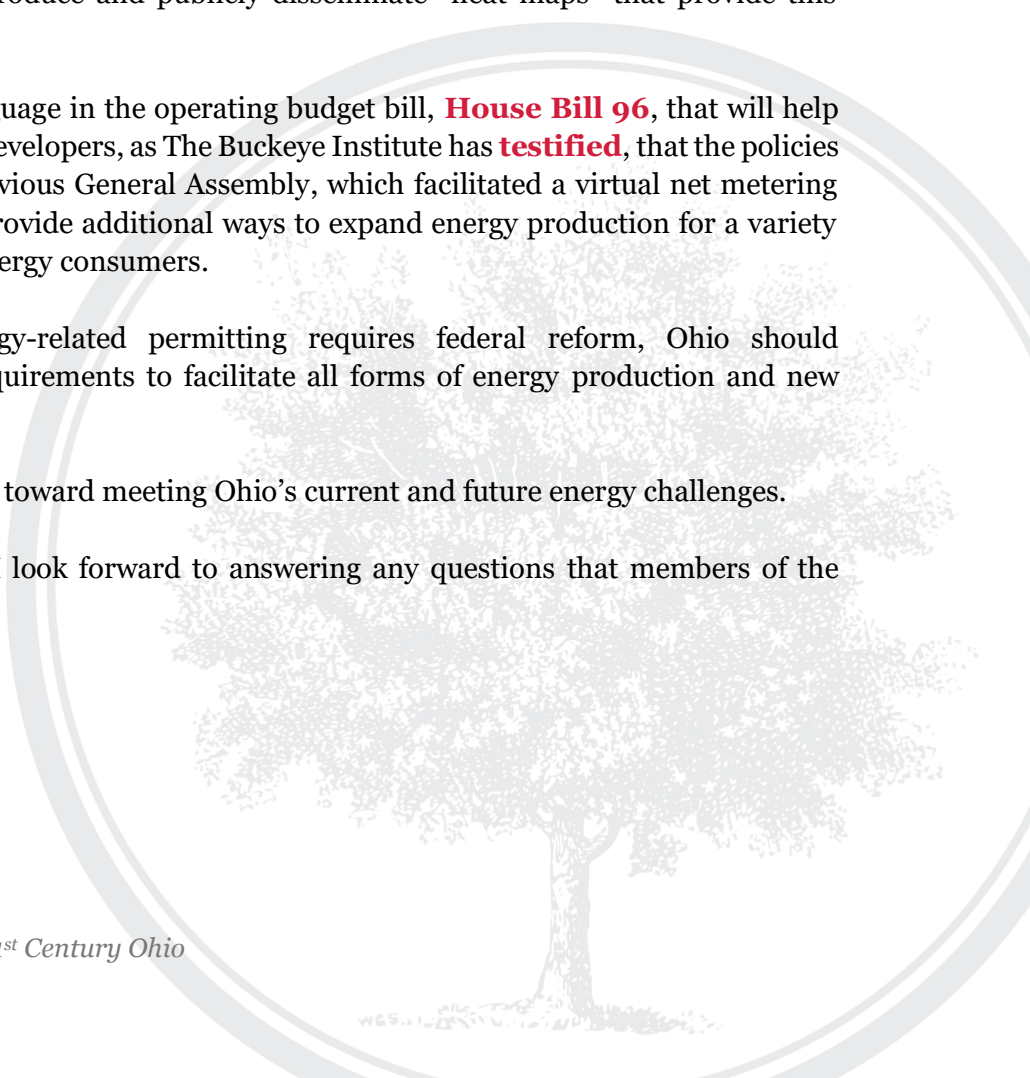
Second, the General Assembly should ensure that property developers can readily assess geographic “hotspots” that require more electricity generation and/or transmission. The Public Utilities Commission should produce and publicly disseminate “heat maps” that provide this information.

Third, while we appreciate language in the operating budget bill, **House Bill 96**, that will help grow net metering options for developers, as The Buckeye Institute has **testified**, that the policies in Senate Bill 275 from the previous General Assembly, which facilitated a virtual net metering option on brownfields, could provide additional ways to expand energy production for a variety of users outside of the major energy consumers.

Finally, although much energy-related permitting requires federal reform, Ohio should streamline state permitting requirements to facilitate all forms of energy production and new generation capacity.

Senate Bill 2 takes critical steps toward meeting Ohio’s current and future energy challenges.

Thank you for your time and I look forward to answering any questions that members of the Committee may have.



About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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