

OHIO ENERGY GROUP

– Turning Energy Into Jobs –

BEFORE THE SENATE ENERGY COMMITTEE SENATOR BRIAN CHAVEZ, CHAIRMAN

INTERESTED PARTY TESTIMONY OF JOE PRICE ON BEHALF OF THE OHIO ENERGY GROUP SUBSTITUTE SENATE BILL 2

February 18, 2025

Chair Chavez, Vice-Chair Landis, Ranking Member Smith, and members of the Senate Energy Committee, thank you for the opportunity to provide interested party testimony to Substitute Senate Bill 2 (Sub. S.B. 2).

My name is Joe Price and I serve as Executive Director for the Ohio Energy Group (OEG). OEG is a trade association of large, energy-intensive industrial companies with one or more plants in Ohio to promote low-cost, reliable electric power. Our 27 members spend more than \$1 billion annually on natural gas and electricity, and we provide more than 50,000 good paying direct jobs in Ohio. Our members also support tens of thousands of jobs through in-state suppliers. Because energy costs are a major component of each OEG member's cost of production, even small changes to the cost of energy can have very big impacts. To give you a sense of scale, for many of our member companies, if the price of electricity increases by one-tenth of one penny per kilowatt-hour, it's more than a \$1 million impact per year. It is also worth noting that manufacturing faces

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Cleveland-Cliffs Inc.
Ford Motor Company
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Greif, Inc.
Howmet Aerospace Inc.
Intel Corporation
JSW Steel USA Ohio, Inc.
Linde Inc.
Martin Marietta Magnesia Specialties, LLC
Materion Corporation
Messer, LLC
Metallus, Inc. (fka TimkenSteel)
Molson Coors Beverage Company
One MWHub
Nature Fresh Farms USA Inc.
North Star BlueScope Steel LLC
POET - Bioprocessing
PTC Alliance Holding Corporation
Stellantis
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global competition, and just because the cost of energy is increasing in Ohio or America doesn't mean it's increasing in places like China.

The members of OEG share the concerns of the bill sponsors that there is a need for new dispatchable generation in Ohio. We appreciate the Committee's attention to this critically important issue. This is particularly timely given the looming reliability problems forecasted by PJM, as well as the higher electric pricing that customers are already experiencing. Having more dispatchable power plants means a greater supply of electricity, which in turn means lower pricing and greater reliability.

The bill also eliminates Electric Security Plans (ESPs) which have been an active subject of debate before the General Assembly for many years. However, there is one major problem: because Sub. S.B. 2 deletes the entirety of the ESP Statute (ORC 4928.143), it also eliminates language that provides legal authority to the Public Utilities Commission (PUCO) to authorize very important programs that benefit Ohio's economic development and electric reliability.

Specifically, these programs include interruptible rates, which allow large users to serve as a reliability resource for grid emergencies. These programs were deployed twice during Winter Storm Elliot in December 2022 and without them, a bad situation would have been considerably worse. These programs serve a dual purpose – participating companies receive a discounted electric rate to help keep them competitive, and in exchange, they are responsible for unlimited interruptions by the utility or PJM, 24/7/365. For perspective, when OEG member companies interrupt their operations, they are reducing electric demand equivalent to half of a baseload nuclear power plant.

Similarly, authorizing language in the same statute allows for PUCO-approved programs that allow customers to purchase transmission directly through their supplier. These programs encourage customers to manage their contribution to peak periods of electric demand, reducing stress on the grid and saving money for all consumers in the process.

Other PUCO-approved programs encourage economic development and job creation and/or job retention. These programs are common in other states and eliminating them would harm Ohio's ability to attract and retain large manufacturers and the good paying jobs they provide.

OEG opposes eliminating the ability for PUCO to consider and approve these very important programs. Fortunately, this can be fixed without disrupting the goals of the bill's proponents. We urge the Committee to adopt an amendment that would allow PUCO to consider these important programs during a rate case (or a mini rate case). Attached to my testimony is draft language for consideration that would achieve this goal. The amendment is merely seeking to maintain the status quo for the benefit of Ohio's economy and grid reliability.

There is also some uncertainty regarding the timing of the effects of this legislation and the FirstEnergy ESP. We would like to work with the Committee to ensure that there is no unintended disruption to these important programs.

With this change to the bill, OEG would change from an interested party to a proponent.

Thank you for the opportunity to testify. I would be happy to answer any questions that you may have.

Suggested Amendment to Substitute S.B. 2

Sec. 4909.192. When considering an application to increase rates under section 4909.18 of the Revised Code or an application for a mini rate case under section 4909.47 of the Revised Code, the commission may approve:

1. Programs for energy-intensive manufacturing customers to implement economic development, job growth, job retention, or interruptible rates that enhance distribution and transmission grid reliability and promote economic development.
2. Programs for customers that align retail rate recovery with how transmission costs are incurred by or charged to the utility, or programs that allow customers to be billed directly for transmission service by a competitive retail electric service provider.