

**BEFORE THE ENERGY COMMITTEE
OF THE SENATE
SENATE BILL 2**

**PROPONENT TESTIMONY OF KATIE TREADWAY
CHIEF REGULATORY OFFICER
ONE POWER COMPANY**

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AS SUBMITTED

Chairman Chavez, Vice Chairman Landis, Ranking Member Smith, and members of the Senate Energy Committee, thank you for the opportunity to present testimony in support of Senate Bill 2 (SB 2).

My name is Katie Treadway, and I am the Chief Regulatory Officer of One Power Company (One Power). One Power is based in Findlay, Ohio, and is a vertically integrated industrial power company that develops, builds, owns, and operates MW-scale, high-voltage power systems to deliver a range of power solutions to industrial customers.

For example, One Power is the largest installer and owner of behind-the-meter wind energy in the United States. One Power has also pioneered and currently offers other physical solutions for industrial customers including electrified industrial parks designed to meet the power needs of energy-intensive industries of the present and future, such as hydrogen production, digital currency mining, data centers, and indoor farming. As part of this solution, One Power built, energized, and commissioned the first fully digital substation in the United States.

One Power has been developing behind-the-meter infrastructure in the state of Ohio for the last 15 years and I have been leading the company's efforts to permit those projects and have helped lead the financing of those projects for the last 10 years.

One Power strongly supports SB 2's addition of the "mercantile customer self-power system" definition and SB 2's language that explicitly exempts mercantile customer self-power systems from status as a competitive supplier and a public utility.

SB 2 will make it easier to attract private capital to invest in Ohio's grid. For example, you cannot finance a new power plant without demonstrating to investors that the plant is going to be permitted and operated lawfully. The current law in Ohio that addresses the regulatory status for behind-the-meter generation does not make that process easy. It involves an analysis of case law that goes back to the early 1900s and a myriad of PUCO orders that deal with everything from trailer parks to submetering apartment complexes. That is a complicated story for investors and

it is one that, in our experience, some investors may not get comfortable with. And, investors' skepticism will only be magnified if the investments get larger, like if they are financing a billion-dollar gas plant. If the State of Ohio wants people to invest private dollars to construct new generation in the state, such as co-located gas or nuclear, SB 2's changes are a no cost, no subsidy, way to promote that investment by removing a serious roadblock that serves no real purpose.

Next, during our testimony on HB 15, One Power explained it has some questions about the tangible personal property (TPP) tax elimination for generation equipment and some of the nuances around that change. One Power's questions around the TPP elimination remain in this bill. In particular, One Power does not understand if the bill eliminates the tax on all equipment associated with generation, such as transformers, cables, breakers, switchgears and switching stations or if generators would still pay the tax on these types of infrastructure and continue to have to file an annual TPP tax return even with this TPP tax elimination. Also, One Power is trying to understand how the current PILOT program would work with the TPP tax elimination. We strongly encourage clarity on this issue to avoid future problems and respectfully suggest that if the General Assembly moves forward with this TPP tax elimination, generators and all of the generators' associated electrical equipment necessary to operate and deliver power to the load or the grid be included in the TPP tax exemption.

Finally, there has been a conversation in Ohio regarding large loads for new or expanded customers, such as data centers, and their ability to connect to the transmission system. In particular, there are concerns about the length of time and conditions utilities are imposing on these loads connecting to the transmission system. The connection of end users to a transmission system are generally a state jurisdictional matter, not federal. One Power believes that Ohio should look at ways to improve these interconnection times and conditions as part of this broader energy conversation. We know that private companies like One Power can build new infrastructure faster than our utility counterparts. In the context of power plants, there is a self-build option available where power plant substations can be built by private developers to utility standards and then handed over to utilities to own and operate. We believe this self-build option should be available to new large load customers interconnecting to the transmission system as well. We believe, that in many cases, new loads would build substations and switching stations entirely at their cost and then hand them over to the utilities to own and operate. That is how bad the interconnection problem has become. We would suggest that some form of this private self-build option for end use customers, end up in the bill.

In conclusion, while there are a few additions to SB 2 we would suggest to improve the language even further, we believe this bill is an excellent step in the right direction to support competition and private investment in infrastructure. We look forward to connecting with your offices in the coming days to discuss our suggestions. We thank you for your time and are excited about the opportunity to collaborate with lawmakers on both this bill and the broader energy conversation.