

OHIO SENATE ENERGY COMMITTEE
SENATE BILL 2 PROPONENT PARTY TESTIMONY

THE PJM POWER PROVIDERS GROUP¹

February 18, 2025

Chairman Chavez and members of the Senate Energy Committee, thank you for the opportunity to submit written testimony on Senate Bill 2 (S.B. 2). The PJM Power Providers Group (“P3”) is a non-profit organization made up of power providers whose mission is to promote properly designed and well-functioning competitive wholesale electricity markets in the 13-state region and the District of Columbia served by PJM Interconnection, L.L.C. (“PJM”). Combined, P3 members own more than 82,000 megawatts of generation assets in PJM. P3 member companies are active suppliers in the state of Ohio, either as wholesale generation suppliers and/or competitive retail electric services suppliers (CRES).

P3 believes that policies promoting fair competitive electric markets ensure the best overall outcomes for reliability and affordability. This bill seeks to eliminate barriers for new entry into the marketplace. When certain generation assets are propped up by out-of-market subsidies, new investments in generation are often discouraged. This outcome erodes reliability when the number of plants wanting to come online do not offset the number of plants going offline. Furthermore, any generation asset receiving a subsidy proves the uneconomic viability of the plant to operate under normal market conditions. The excess costs covered by ratepayers hinder affordability by not providing the lowest cost of electricity competitively available to customers. This uneconomic outcome creates a competition for subsidies, rather than a competition to provide power at the lowest cost.

S.B. 2 puts Ohio’s ratepayers first. While the bill addresses many policies to support competitive approaches to both retail and wholesale markets, P3 offers support to S.B. 2 on behalf of the electric generators within our organization for strong policies that ensure well-functioning competitive wholesale electric markets. In part, the favorable provisions in the bill include:

- The prohibition of owning and operating electric generating facilities in the definition of an electric distribution utility (EDU).
- The repeal of the legacy generation resource recovery mechanism relating to the Ohio Valley Electric Company (OVEC).

¹ The views expressed in this testimony represent the views of P3 as an organization and do not necessarily reflect the views of individual P3 member companies with respect to any issue. For more information on P3, visit www.p3powergroup.com

- The prohibition of an EDU bidding into the wholesale market the energy from any battery storage system that the EDU invested in for distribution service.
- The repeal of the solar energy credit program.

Ohio has operated in a restructured, competitive energy marketplace since the passage of Senate Bill 3 in 1999, and relies on the operation of nondiscriminatory and competitively-neutral wholesale markets to deliver reliability at a reasonable customer cost. Since 1999, Ohio has seen billions of dollars invested in new and cleaner generation resources through private investments. Many companies within our organization have already accelerated their exploration of generation development in Ohio following recent market signals indicating more demand for power.

P3 echoes PUCO Chair French's recent testimony before the House Energy Committee that a "... cornerstone of Ohio's energy policy is our participation in competitive wholesale and retail markets. Healthy and robust markets set Ohio apart from our neighbors and encourage choice, as well as provide a healthy environment to allow for economic development and job growth."² The competitive market policies in S.B. 2 will further encourage confidence in the generation sector to build more power plants, and to build them right here in Ohio. The Ohio Legislature can foster an environment that says, "build here and build now."

P3 appreciates the Senate Energy Committee's work on S.B. 2. This bill moves in the positive direction to benefit customers and the integrity of the competitive electric market. We appreciate the opportunity to submit written testimony in support of S.B. 2, and we are always available for any questions or comments.

² Filed Statement of Public Utilities Commission of Ohio ("PUCO") Jenifer French, Chair, House Energy Committee, February 5, 2025, p.3.