OHIO IPP
OHIO INDEPENDENT POWER PRODUCERS

February 18, 2025

Chair Chavez, Vice Chair Landis, Ranking Member Smith, and Members of the Senate Energy Committee:

My name is Tom Copus, Vice President of Operations at Caithness Energy and I currently serve as the Treasurer of the Ohio Independent Power Producers. As providers of clean, reliable, efficient Ohio based natural gas fired generation, the OIPP thank you for the opportunity to testify as a proponent of Senate Bill 2.

OIPP members develop, construct, and operate modern natural gas-fired power plants, representing billions of dollars of new private investment in Ohio and thousands of megawatts of new, efficient, and reliable energy. OIPP members have invested over $6.9 Billion developing and constructing 7,000MW of new generation in Ohio in the last 10 years. These projects are entirely built by private unsubsidized investment, not ratepayer guarantees, with project performance risk on the investors, not captive Ohio ratepayers. The willingness of investors to commit billions of dollars in direct investment to build new power generation facilities in Ohio is predicated on their long-term confidence in the PJM Interconnection regional wholesale electricity markets and Ohio's commitment to competitive markets.

S.B. 2 is an affirmation that Ohio's competitive market works and is a signal to investors that Ohio is open for business. While Ohio's electric generation market was deregulated in 1999, it took the state's market several years to mature. In addition, Ohio law contained a few remnants of Ohio's vertically integrated market. S.B. 2 finishes the job, which enhances the competitive market environment that is attractive to new generation infrastructure investment in Ohio.

Notably, S.B. 2 prohibits electric distribution companies from owning generation and ends the OVEC generation subsidies created by H.B. 6. OIPP members advocate for private merchant generation, market competition and for a level playing field free from market distorting subsidies for any type of generation. We have held this position consistently.

Finding justification for ending subsidies of OVEC coal plants is not difficult. The two OVEC coal plants, Kyger Creek located in Cheshire Ohio and Clifty Creek located in Madison Indiana, were both constructed in 1955 and are turning 70 this year. The advanced age of the coal-fired power plants that comprise OVEC, provides more than enough reason to repeal OVEC's subsidy. Granting a subsidy for OVEC's operation disincentivizes any modernizations or improvements to the plants' efficiency and permits the OVEC plants to participate in the PJM wholesale market with an unfair advantage over power plants without ratepayer support. Simply put, with the subsidy the OVEC facilities never truly face market pressures created by competition and innovation while adding cost to Ohio ratepayer's bills through riders while suppressing market prices for efficient modern generators.

Importantly, ending the OVEC subsidy does not mean those plants will close. The OVEC Inter-Company Power Agreement, the operating agreement between the shareholders of OVEC, runs until 2040. Many of the shareholders are located in fully regulated states, meaning they will

continue to receive cost recovery from their ratepayers. Ohio ratepayers deserve a rate cut by removing the OVEC subsidies.

Similarly, while smaller in scope, the solar subsidies from H.B. 6 should also be ended so all Ohio generation resources compete on a level playing field determined by the wholesale energy market.

OIPP also supports the provisions in S.B. 2 forbidding participation in the wholesale energy markets of battery storage systems purchased or acquired by electric utilities for distribution service. We welcome competition in the wholesale markets from resources like battery storage systems, but strongly advocate that they be built as merchant resources with the sole intent of participating in wholesale energy markets, free from ratepayer's support. We also recognize that battery energy storage as distribution or transmission can provide low cost solutions for electric utilities and their customers, and support their use in these applications. However, because those batteries are funded by ratepayer funds, they need to prohibited from the wholesale energy market participation.

Ohio law has long supported the right to self-generate. S.B. 2 enhances that right with language clarifying that an entity can build behind-meter generation on property the entity controls instead of current law, which is limited to premises. Similarly, S.B. 2 supports the creation of "mercantile self-power systems," allowing for a behind-the-meter generation project to support multiple customers.

OIPP members still believe in traditional power plant development that is connected to the bulk transmission system for wholesale market participation with PJM. However, because we are pro-market and represent developers that wish to add generating capacity in Ohio to support Ohio's economic growth, we also support the growing interest for behind-the-meter generation and support meaningful reforms to minimize development risk. The provisions contained in S.B. 2 position Ohio to capitalize on that emerging trend in the market.

We also support the creation of "priority investment areas" (PIA). In particular, the expedited siting process and exemptions from the tangible personal property tax for projects located in a PIA is a common sense, generation neutral proposal to drive investment.

Power generation developers look at many factors when deciding whether to invest: load growth, workforce, a fair regulatory environment, and availability of infrastructure for gas, water and transmission. Ohio is well positioned in all of those categories. It's why OIPP members invested here in the first place and continue to seek investment opportunities in Ohio. S.B. 2 is sending yet another important market signal for power generation investment and that Ohio is open for business.