OHIO CHAMBER OF COMMERCE

March 11, 2025

Before the Ohio Senate Energy Committee
Interested Party Testimony Senate Bill 2

Chair Chavez, Vice Chair Landis, Ranking Member Smith and distinguished members of the Senate Energy Committee, thank you for the opportunity to provide comments on behalf of the members of the Ohio Chamber of Commerce regarding Senate Bill 2. My name is Tony Long, General Counsel and Director of Energy & Environmental Policy at the Ohio Chamber.

As one can imagine with a membership of 8,000 businesses there is a diversity of opinions, interests, and viewpoints on the topic of energy. Due to that factor, I am going to address Senate Bill 2 using criteria from Ohio Revised Code Section 4928.02. The supplemental materials to my testimony grade Senate Bill 2 as forward momentum for Electrification 2.0 and the reason for my interested party testimony. Before addressing that supplemental material, I want to take a few minutes to provide some background and framework for the position of the Ohio Chamber and Ohio's movement to Electrification 2.0.

Prior to this new era of electrification and deregulation, Ohio and other jurisdictions held onto the bones of Electrification 1.0. Vertical integration of supply and delivery of electricity under heavy regulation by a state agency and hearings with stakeholders that resembled public policy by litigation. The use of litigation to create public policy is often adversarial (winners and losers), costly, and incremental. Incremental policy is also slow in reaction to change in market forces, consumer desires, and new unforeseen dangers (think cybersecurity).

Electrification 2.0 needs a different approach. The framework of Electrification 2.0 needs to match the wow of electricity itself. Electricity is a commodity that is created and delivered in a blink of an eye. When a resident of Ohio hits the light switch the expectation is a bright room with light. That means an electron is created, delivered and consumed when needed on a system that delivers electricity at the exact moment the switch is flipped. So, bravo to the engineers and planners of Electrification 1.0 for developing this modern marvel.

Electrification 2.0 now requires us to be more collaborative as we replace aging infrastructure, install new and innovative technology and generate sufficient power for a new electrified economy. Senate Bill 2 is a bold first step in this new paradigm.

The days of viewing incumbent utilities through a lens of Mr. Burns needs to be put to rest. Our incumbent IOU companies are important members of this new ecosystem, and their expertise should not be discounted as Electrification 2.0 develops and matures. The rehashing of past battles and holding onto Electrification 1.0 biases and assumptions will not help Ohioans achieve the full benefit of Electrification 2.0.

This new ecosystem should have some necessary guardrails such as company separation to ensure poles and wires entities are only receiving ratepayer return on capital for poles and wires, but if a new entity made up of engineers from an IOU, capital from a generation company, and innovators from a battery company want to provide energy solutions for customers it should be allowed to form that entity and then rely on the free market to repay the capital outlay with customer contracts not ratepayer tariffs. So, the regulatory role needs to be skinnier, more flexible but still monitor entity separation to regulate the tariffs used to allocate costs for investment in the poles and wires.

The new ecosystem needs to allow market innovation and simultaneously protect consumers and small businesses with a combination of regulation and education. Bad actors should not have a place in this ecosystem, but consumers should be allowed to benefit in the innovation developed out of Electrification 2.0. For example, if I have chosen someone in the rows behind me to be my electric supplier, I should have the tools to lower my electricity costs. For example, my supplier provides me an app that communicates with me in real time and gives me a notice that there is overcapacity at 2 am and the price is x minus 10%. I can then decide if I put my dishwasher on a timer to benefit from that 2 am pricing. Or if my supplier notifies me that the demand load at 5 pm will cause constraints but the energy in my electric vehicle will produce a credit for that energy at x times two during the 5 pm hour. Given that price signal I could then nominate the stored energy for use during the hour. This may only require me to shut-off my electricity and use my vehicle for household use at 5 pm.

Finally, this new ecosystem must position Ohio as an economic engine, a place of innovation, and attract workforce and families to the Heart of it All. Our new ecosystem needs more collaboration, make quicker decisions, provide flexible regulation while giving consumers the information they need while protecting them from bad actors. An ecosystem that also monitors and corrects any cost shift caused by a blurring of roles between regulated IOUs and electricity generation suppliers.

In reviewing Senate Bill 2, I came across Ohio Revised Code Section 4928.02. Titled: Competitive Retail Electric Service – State policy.

"It is the policy of this state to do the following throughout this state:

(A) Ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service;

(B) Ensure the availability of unbundled and comparable retail electric service that provides consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs;

(C) Ensure diversity of electricity supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers and by encouraging the development of distributed and small generation facilities;

(D) Encourage innovation and market access for cost-effective supply- and demand-side retail electric service including, but not limited to, demand-side management, time-differentiated pricing, waste energy recovery systems, smart grid programs, and implementation of advanced metering infrastructure;

(E) Encourage cost-effective and efficient access to information regarding the operation of the transmission and distribution systems of electric utilities in order to promote both effective customer choice of retail electric service and the development of performance standards and targets for service quality for all consumers, including annual achievement reports written in plain language;

(F) Ensure that an electric utility's transmission and distribution systems are available to a customer-generator or owner of distributed generation, so that the customer-generator or owner can market and deliver the electricity it produces;

(G) Recognize the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment;

(H) Ensure effective competition in the provision of retail electric service by avoiding anticompetitive subsidies flowing from a noncompetitive retail electric service to a competitive retail electric service or to a product or service other than retail electric service, and vice versa, including by prohibiting the recovery of any generation-related costs through distribution or transmission rates;

(I) Ensure retail electric service consumers protection against unreasonable sales practices, market deficiencies, and market power;

(J) Provide coherent, transparent means of giving appropriate incentives to technologies that can adapt successfully to potential environmental mandates;

(K) Encourage implementation of distributed generation across customer classes through regular review and updating of administrative rules governing critical issues such as, but not limited to, interconnection standards, standby charges, and net metering;

(L) Protect at-risk populations, including, but not limited to, when considering the implementation of any new advanced energy or renewable energy resource;

(M) Encourage the education of small business owners in this state regarding the use of, and encourage the use of, energy efficiency programs and alternative energy resources in their businesses;

(N) Facilitate the state's effectiveness in the global economy.

(O) Encourage cost-effective, timely, and efficient access to and sharing of customer usage data with customers and competitive suppliers to promote customer choice and grid modernization.

(P) Ensure that a customer's data is provided in a standard format and provided to third parties in as close to real time as is economically justifiable in order to spur economic investment and improve the energy options of individual customers.

In carrying out this policy, the commission shall consider rules as they apply to the costs of electric distribution infrastructure, including, but not limited to, line extensions, for the purpose of development in this state."

Using this section of Title 49, I created a chart overlaying the state policy onto the language of Senate Bill 2. Everyone has their own method of scoring – I used a simple method from my past professional life - and it produced a result that indicates Senate Bill 2 is better than the status quo and is moving the state's electric energy policy forward. Therefore, the Ohio Chamber supports the bill's aims as an interested party and applauds the efforts that have led to this point and the current work of this committee.

In closing, I hope the members of the Ohio Chamber understand that I am not testifying as an intervenor in a regulatory matter pending on the 11th floor at the PUCO, but as an Ohioan who envisions an energy future that will require policy built on collaboration. Policy that gives consumers, both businesses and residents, services and products for reasonable and fair prices with world class service.

Finally, I am not advocating for a gas water heater over an electric water heater. I am advocating for both with full disclosure on benefits and costs of both so a consumer can make an informed decision. I am advocating for a water heater, built here in Ohio, a water heater that can capture the optimal price for use in real time, and a water heater that is delivered over an infrastructure that is resilient and reliable.

Mr. Chairman and members of the committee, thank for allowing me the time to testify, now I will try to answer any questions you may have for me.

Examination of SB 2 with Relevant ORC 4928.02 Criteria

ORC 4928.02	Found in SB 2?	Advances 4928.02?	Comments
Ensure... consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service.	Yes; various sections.		Forward looking test periods reduce investment lag; multiyear rates allow planning and provide stable pricing.
Ensure the availability of unbundled and comparable retail electric service that provides consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs.	Does not add to but does not take away current services.		Future legislation can take up provisions from the Power Forward Report that calls for TOU pricing and other quality enhancements.
Ensure diversity of ... supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers and by encouraging the development of distributed and small generation facilities.	Yes.		Options a plenty for PIA investment, self-generation and other DERs. One improvement would be legacy site liability protection to spur quicker development.
Encourage innovation and market access for cost-effective supply- and demand-side retail electric service including, ... demand-side management, time-differentiated pricing, waste energy recovery systems, smart grid programs, and implementation of advanced metering infrastructure.	Could be more robust.		Opportunity may need to be addressed in future legislation. Consumers need more demand side management tools; pricing options; smart grid infrastructure and billing options.

Examination of SB 2 with Relevant ORC 4928.02 Criteria

ORC 4928.02	Found in SB 2?	Advances 4928.02?	Comments
Ensure that ... transmission and distribution systems are available to a customer-generator or owner of distributed generation, so that the customer-generator or owner can market and deliver the electricity it produces.	Partially.		Interconnection reform may need to occur outside of Ohio; but the state should encourage practices that ensure announced generation includes no delay in interconnection if desired by a generator.
Recognize the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment.	Yes – forward test period and mini-rate cases.		Off to a good start; but more work needs to be done on OPSB procedures, and a regulatory sandbox would allow testing of new products or services to speed up choices for consumers.
Ensure effective competition ... avoiding anticompetitive subsidies flowing from a noncompetitive retail electric service to a competitive retail electric service ... including by prohibiting the recovery of any generation-related costs through distribution or transmission rates.	Yes.		Language in SB 2 protects ratepayers from customer built/leased generation, etc.
Ensure retail electric service consumers protection against unreasonable sales practices, market deficiencies, and market power.	Yes.		Adds new financial requirements to protect shopping customers.

Examination of SB 2 with Relevant ORC 4928.02 Criteria

ORC 4928.02	Found in SB 2?	Advances 4928.02?	Comments
Provide coherent, transparent means of giving appropriate incentives to technologies that can adapt successfully to potential environmental mandates.	Partially.		Some additional definitions on green energy, a new program for solar projects at schools, but still unclear if PIA will include solar.
Encourage implementation of DER ... across customer classes through regular review and updating of administrative rules governing critical issues such as, but not limited to, interconnection standards, standby charges, and net metering.	Partial credit.		SB 2 starts the conversation on self-generation, etc., but more work needs to be done to help bridge the gap between major utility generation rollout and the near-term.
Protect at-risk populations, including, but not limited to, when considering the implementation of any new advanced energy or renewable energy resource.	Yes.		Protections remain in place for vulnerable populations and new financial requirements for suppliers is an added protection.

Examination of SB 2 with Relevant ORC 4928.02 Criteria

ORC 4928.02	Found in SB 2?	Advances 4928.02?	Comments
Facilitate the state's effectiveness in the global economy.	Yes.		Encourages investment in generation. Encourages investment in the grid via the multi-year test period.
Encourage cost-effective, timely, and efficient access to and sharing of customer usage data with customers and competitive suppliers to promote customer choice and grid modernization.	No.		Six years after the publication of Power Forward and this area of modernization continues to lag. Should be considered as part of next bill.
Ensure that a customer's data is provided in a standard format and provided to third parties in as close to real time as is economically justifiable to spur economic investment and improve ... options of individual customers.	Partially.		Work has developed in this area. Customer and 3rd parties need more timely data to improve demand side management and pricing.
Score ● = 3 ▲ = 1 ✖ = -2	Total	**22**	42 = perfect score; 14 is status quo – so right track and productive first step, but more work remains to be done for energy policy in Ohio.