



Senate Energy Committee
Substitute Senate Bill 2 (-5)
March 18, 2025

Chairman Chavez, Vice Chairman Landis, Ranking Member Smith, and members of the Senate Energy Committee, thank you for the opportunity to provide written proponent testimony on Substitute Senate Bill 2 (Sub. SB 2).

The Retail Energy Supply Association (RESA) is a broad and diverse group of retail energy suppliers who share the common vision that competitive retail electricity and natural gas markets deliver a more efficient, consumer-oriented outcome than does the monopoly-protected, rate-regulated utility structure. RESA is devoted to working with all interested stakeholders to promote vibrant and sustainable competitive retail electric and natural gas markets in the best interests of residential, commercial, and industrial consumers.

RESA supports Sub. SB 2 as it endeavors to provide long overdue, much needed reforms to Ohio's electric utility regulatory framework. Several of the key provisions in the bill close gaping loopholes in current law, repeal obsolete code sections, correct anti-competitive language, and strengthen consumer protections.

The inclusion of provisions requiring Competitive Retail Electric Suppliers (CRES) and Competitive Retail Natural Gas Supplier (CRNGS) to provide the Public Utilities Commission of Ohio (PUCO) with reasonable financial assurances through performance bonds sufficient to protect consumers in order to be certified, will serve as an effective deterrent and barrier to market entry by unethical companies seeking to use predatory tactics in Ohio. Also, requiring CRES and CRNGS to provide their consumers with written notifications prior to a contract expiring and before a fixed rate converts to a variable rate, keeps consumers informed and in control of their energy costs. Moreover, the provision authorizing "seamless enrollments" further empowers consumers to more easily choose what is best for their individual budgets by making it simpler for them to select a CRES and CRNGS.

Other pro-consumer provisions of note include inserting a definition for "small commercial consumer" into Ohio law. Doing so will ensure that companies who fall into that category will be afforded the same consumer protections that residential consumers have long enjoyed. Additionally, repealing the Ohio Valley Electric Corporation (OVEC) and utility scale solar subsidies enacted in House Bill 6 (HB 6) will further shield Ohio consumers from paying unnecessary costs from which they receive little, if any, benefit. Since enactment of HB 6, Ohio

ratepayers have paid OVEC nearly \$700 million to cover the losses routinely incurred by the notoriously inefficient plants, one of which is located in Indiana. Similarly, Ohio ratepayers have unnecessarily paid around \$60 million into the Solar Generation Fund (SGF) since enactment of HB 6 to fund five specific utility scale solar plants, with three of those facilities having already received about \$10 million in total of ratepayer monies from the SGF.

Several pro-market provisions are included in Sub. SB 2 as well. Namely, prohibiting EDUs from owning and operating an electric generating facility. Also, eliminating the Electric Security Plan (ESP) and requiring a Market-Rate Offer construct to procure the Standard Service Offer will remove the ability for EDUs to recover totally unrelated costs via unlimited, uncapped bill riders from their consumers outside of a distribution rate case. Another major improvement over current law that ending ESPs will provide consumers and other market participants alike is that EDUs will no longer have the ability to veto final PUCO orders in ESP cases, which provides a perverse incentive for EDUs to not file a distribution rate case. In addition, removing the tangible personal property tax burden from new electric generating facilities will make Ohio generators more competitive in the PJM marketplace and serve to attract further investment in our domestic generation fleet.

Further, the language prohibiting EDUs from using an electric energy storage system to participate in the wholesale market if it was approved for distribution service is a positive development. Doing so will ensure that subsidized assets approved for distribution service and paid for by captive distribution customers are not permitted to unfairly impact the market by competing against non-subsidized, competitive assets. Also, extending Ohio Power Siting Board (OPSB) oversight to supplemental electric transmission projects will help to fill a regulatory gap that has existed between the Federal Energy Regulatory Commission (FERC) and Ohio for decades. With the OPSB finally having the authority to weigh in with a determination of need on supplemental projects, local input provided to FERC should aid in the agency's decision making, instead of an automatic presumption of prudence and "rubber stamp" approval by the federal commission in the absence of a state level recommendation, as is the case currently.

Authorizing local governments to petition the Director of Development to designate a former brownfield or coal mine as a Priority Investment Area (PIA), within which property tax and siting incentives are provided to certain gas and EDU projects, will help to spur development at shovel-ready sites. The provision that modifies the definition of "self-generator" to include an entity that owns or hosts an electric generation facility on property the entity controls that is installed or operated by a third party and allowing for the creation of mercantile customer self-power systems, which provides electric generation to one or more mercantile customers, will undoubtedly facilitate faster generation development. Exempting a self-generator or mercantile customer self-power system from classification as an "electric light company" will also further remove an existing barrier to proliferation of behind-the-meter generation development.

Moreover, requiring the OPSB to adopt rules providing for the accelerated review of certain gas and EDU projects located in a PIA will move the needle for developers seeking to locate in Ohio. Requiring the OPSB to issue a certificate of environmental compatibility and public need not later than 120 days after the application is filed and reducing the time within which the OPSB must hold a public hearing on a certificate application to not less than 45 days nor more than 60 days after receiving the application, will expedite decision making and project timelines. Lastly, requiring the EDUs to file a distribution rate case at least once every three years and the PUCO to issue an order approving or denying a rate case application not later than 290 days after the date the application is filed, will serve to reestablish a predictable cadence to and streamline the processing of those important regulatory proceedings.

Thank you again for the opportunity to submit written proponent testimony on Sub. SB 2 and please do not hesitate to contact us if there are any questions or if you would like further information.