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March 18, 2025  
Before the Senate Energy Committee  
Opponent Testimony on Substitute Senate Bill 2

Chairman Chavez, Vice Chair Landis, and Ranking Member Smith, my name is Frank Strigari, and I am Vice President of External Affairs for AEP Ohio. Thank you for allowing me to testify today in opposition to the dash-5 version of Substitute Senate Bill 2 (SB2).

AEP Ohio is headquartered in Gahanna and is one of seven operating companies within all of AEP. AEP Ohio serves over 1.5 million customers across 61 of Ohio's 88 counties. With over 1,300 employees who live in the communities we serve, AEP Ohio is proactively working to redefine the future of energy in this state, in addition to developing innovative solutions that power communities and improve lives across all of Ohio.

AEP Ohio is amenable to much of what is in the dash-5 version of SB2. However, there are still important changes that need to be made, and I will highlight the main ones here, in addition to the topics addressed in our most recent proposed amendments that we submitted to the Chair's office.

### **Behind-the-meter provisions**

Ohio – particularly Central Ohio – currently has a resource adequacy problem. We all know that Ohio clearly needs more generation in this state, and lots of it. At such a unique moment in time, an “all of the above” energy approach is clearly needed to solve this problem.

Current Ohio law (R.C. 4928.47) provides one tool in the state's toolbox. That law expressly authorizes a utility to enter into a contract with a mercantile customer to provide that customer with electricity in the form of customer-sited renewable energy. What is unique, and noteworthy, about this law is that any costs associated with that customer-sited renewable energy must be paid for solely by the utility and the mercantile customer. That fact is abundantly clear in a simple reading of the law: “[a]t no point...shall the utility ever collect, any of those costs from any customer other than the mercantile customer or group of mercantile customers.” This current law is the essence of customer choice. The customer can choose to pay for all the costs of renewable energy from a utility, or the customer can choose to procure energy from a third party power producer.

To help further economic development in Ohio and deal with the deluge of data centers wanting to locate in Ohio, AEP Ohio entered into separate Customer Sited Renewable Energy Resource Agreements in November 2024 with Cologix Johnstown, LLC and in January 2025 with Amazon Data Services, Inc. Once the PUCO approves the agreements, AEP/Cologix and

AEP/Amazon will solely pay for any direct or indirect costs associated with their respective customer-sited renewable energy resource.

SB2 now appears to want to undo agreements like these that were formed in reliance on the current law, and correspondingly take away customer choice. The amendment first appeared in the dash-4 version, which required that any necessary agreements and any necessary permits be filed prior to the effective date of this legislation. Now, the dash-5 goes even farther. The bill would only allow for such agreements if the facilities supplying the electricity are “in operation prior to the effective date of this section.” This move restricts the choices of customers and is a setback to the ability of the state to compete nationally for economic development projects. It also sends mixed signals to customers and the market about how Ohio wants to handle customer-sited generation.

As such, SB2 in its current form would unlawfully impair contracts like the ones AEP Ohio has already entered into with Cologix and Amazon. To remedy this constitutional violation, AEP Ohio recommends maintaining the current law as is so that the state will continue to promote customer choice and maintain a valuable tool in the state’s economic development toolbox, especially one where Ohio ratepayers do not pay for any costs of these agreements. Alternatively, and at the very least, contracts like the ones described above that were entered into prior to the effective date of this legislation must be grandfathered. If not, any such law would be an unlawful impairment of contracts prohibited under the Ohio Constitution.

### **Ohio Valley Electric Corporation (OVEC)**

The story of OVEC has been a part of the fabric of Ohio for over 70 years now. In 1952, when the United States and Russia were in a nuclear arms race, the Atomic Energy Commission (now the Department of Energy) called on the private sector to help supply electricity to its uranium enrichment facility in Piketon, Ohio. In response, OVEC was formed to build 2 power plants that, for the next 50 years, provided the electricity needed by the federal government. Beginning in 2005 and up through today, OVEC’s 2 plants have continuously supplied coal base load generation to Ohio retail customers, and have served as an important power source for municipal power and cooperative electric companies.

Although current law authorizes recovery through the end of 2030, SB2 would eliminate cost recovery for OVEC immediately. If the General Assembly wants to end cost recovery for OVEC, we are simply requesting a reasonable transition out of OVEC cost recovery. The As Introduced version provided for that transition. Yet, the current version of SB2 would now end this recovery immediately. An immediate end to the current law cost recovery will substantially impair the ability of Ohio’s utilities to invest in Ohio’s electricity grid. For AEP Ohio, an immediate write off of unrecovered costs of approximately \$52,000,000 would be required, in addition to the substantial additional annual costs that AEP Ohio would be forced to absorb. Such a draconian shift will hinder AEP Ohio’s ability to invest in grid upgrades needed to fuel the growing economy in Ohio, and will drive up the cost of capital that is paid for by ratepayers.

Thank you for the opportunity to testify today. I am happy to answer any questions.