

Senate Energy Committee
Substitute Senate Bill 2
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).

Jupiter Power is a leading independent power developer, owner, and operator of stand-alone grid-scale battery energy storage systems. Jupiter owns and operates one of the largest fleets of stand-alone battery energy storage projects in the U.S., with over 2,575 MWh of battery energy storage systems already in operation or construction and an additional 100 projects totaling over 12,000 MW in development. We have been investing in Ohio for several years, with a battery energy storage project in the late stage development. Our projects connect directly to the wholesale market via the electric transmission system and are capable of providing power to thousands of homes, when they need it most, with firm, instantaneous power.

As the Ohio Senate focuses on efforts to attract new electric generation and to enhance grid reliability, grid-scale batteries are the fastest and most flexible form of dispatchable generation and also significant contributions to the reliability of the grid, in addition to furthering local economic development.

The provision in Sub. SB 2 that proposes removing the tangible personal property tax (TPPT) from new electric generating facilities will lead to increased investment in the state's generation sector. However, "energy storage system" is not currently included as an "electric generating facility," although energy storage systems provide fast, dispatchable power to the market or customer, as any electric generating facility would. The bill's inclusion of "energy storage system" as tangible personal property that is capable of storing and releasing energy will simply put storage on a level playing field as other generators in Ohio.

In order to ensure that energy storage systems are fully able to benefit from the elimination of the TPPT on qualifying taxable production equipment, we recommend the following additional modifications to the -5 substitute bill. The intent of these small modifications is to clarify that all essential equipment involved in the storing and discharging of power at a battery energy system as well as other electric generating facilities will be included in the TPPT exemption. Most importantly, the language clarifies that "energy conversion equipment" is inclusive of critical equipment on the generation side of the interconnection point to the grid, such as

equipment necessary for communications and for connection to the grid. While we have been advised that current law likely already include this equipment within the “energy conversion equipment” definition, we recommend the below changes for avoidance of doubt:

Sec. 5727.01. As used in this chapter:

(O) "Energy conversion equipment" means tangible personal property connected to a wind turbine tower, connected to and behind solar radiation collector areas and designed to convert the radiant energy of the sun into electricity or heat, or connected to any other property used to generate or store and release electricity from an energy resource, through which electricity is transferred ~~to controls, transformers, or power electronics~~ and to the transmission interconnection point.

"Energy conversion equipment" includes, but is not limited to, ~~transformers, Supervisory Control and Data Acquisition (SCADA) and control systems,~~ inverters, batteries, switch gears, wiring, collection ~~and generation tie~~ lines, substations, ancillary tangible personal property, or any lines and associated tangible personal property located between substations and the transmission interconnection point.

Without the aforementioned changes to the definition of “energy conversion equipment” in the bill, the above referenced components may incorrectly end up having the TPPT rates for transmission and distribution property applied to them as opposed to the TPPT rates for generation applied, as should be the case. Whether it be existing transmission and distribution property taxed at 85% or new transmission and distribution infrastructure taxed at 25%, either would significantly negatively impact project financing costs and ultimately, current and future investment decisions.

We believe making these clarifications will unequivocally put energy storage systems on equal footing with all other forms of electric generation within Ohio’s tax code, and ensure that “energy conversion equipment” is inclusive of all equipment necessary for electric generating facilities which will benefit all Ohioans in the form of a stronger, more resilient power grid.

In closing, we believe that Sub. SB 2 proposes sound tax and energy policy and by making the few additional changes we suggest, it will contribute significantly to the effective and cost-efficient deployment of energy storage system technologies that will enhance reliability and further economic development throughout the state.

Samantha Williams

Senior Director of Strategic Projects and Market Development

Jupiter Power

Caitlin Smith

Vice President of Policy and Corporate Communications

Jupiter Power