



**SENATE ENERGY COMMITTEE
SENATOR BRIAN CHAVEZ, CHAIRMAN**

**TESTIMONY
OF
JOHN A SERYAK
OMA ENERGY ENGINEER**

APRIL 29th, 2025

Chairman Chavez, Vice-Chair Landis, Ranking Member Smith and members of the Senate Energy Committee, my name is John Seryak and I am founder and managing partner at the energy engineering consultancies Runnerstone and Go Sustainable Energy. I am writing today on behalf of my client, The Ohio Manufacturers' Association.

The Ohio Manufacturers' Association is a mission-driven organization comprised of Ohio's manufacturing leaders, many of which are Ohio's largest energy consumers. The OMA adopts public policy positions on legislation as a community of manufacturers. The OMA's positions are based on guiding principles, data-driven research and analysis, and member input. As you are aware, the OMA takes energy policy extremely seriously.

My testimony today is different than my originally filed testimony thanks to the hard work of the Senate Energy Committee and staff on this important piece of legislation. The OMA has had significant concerns with allowing utilities to own, construct, or supply competitive electric generation, whether in front of or behind the meter, with new or existing, whether renewable or fossil fueled. For this reason, we are happy to see that the repeal of Section 4928.47 has been reinstated into House Bill 15 (HB15). Section 4928.47 was a leftover provision of House Bill 6, and a wish list item for utilities, as it gave them authority to enter into agreements to construct customer sited renewable energy facilities if approved by the Public Utilities Commission. The OMA is appreciative of the leadership of this committee in repealing this section.

There is no need for electric distribution utilities to construct, operate, or own generation of any type, including gas-fired power, fuel cells, solar, waste-heat-to-power, or other technologies. And the assertion that they can chill competitive markets. While Substitute HB 15 provides that an electric distribution utility may take advantage of Section 4928.47 if they filed an application prior to March 31st of this year, it closes the door to future applications, and does not create auto-approval of any pending application.

It is important to stay guarded and focused on the details of the language regarding behind-the-meter generation. Times have changed quickly, and we must consider that utility-scale nuclear and natural gas power plants are now being sought for behind-the-meter supply to large electrical consumers like data centers. In fact, much of the recent discussion of new utility-scale power plants is for behind-the-meter applications. And it is not just new power generation that is of interest to the electric industry, but also for existing electric generation facilities already in operation. After all, power plants that are already operating, co-located to energy intensive customers, offer a speed of service advantage.

If an electric distribution utility wanted back into competitive electric generation markets, today they would aim for behind-the-meter markets as much as front-of-the-meter markets, as well as already operating electric generating facilities. Given slow interconnection speeds at PJM, utility-scale behind-the-meter generation may be the most sought-after type of electric generation.

This isn't a far-fetched scenario. Just within the last few days AEP has announced that one of its distribution utilities, Indiana Michigan Power, is seeking to purchase the competitive natural gas fired power plant, the Oregon Clean Energy Center in Ohio, to "supply" data centers in Indiana. This proposed arrangement, which AEP is seeking to get approved from Indiana's regulators, would monopolize an Ohio competitive generation asset.

The OMA is also concerned with the cost of electric transmission. In AEP's territory alone, Ohio's ratepayers pay about \$1 billion each year for transmission, most of which is for so-called supplemental transmission projects, which do not receive regulatory scrutiny on whether they are needed, improve reliability, or have benefits that outweigh their costs, from federal or state regulators. To be clear, electric transmission isn't currently a competitive market, so customers do not have a way to protect themselves and instead must rely on regulators. The most recent version of House Bill 15 took a step back from protecting customers by raising the jurisdictional level for a major utility facility to 100 kilovolts from 69 kilovolts. That, along with other changes, will continue the difficulty of checking utility spending on Ohio's transmission system, and ensuring that the transmission investments benefit customers.

Lastly, I'll reiterate OMA's standing concern with the use of a fully forecasted test year with true ups for establishing utility distribution revenue recovery. OMA's legal counsel has previously testified to the problematic mechanics of the forecasted test year and true-ups. As a business owner, and an engineer who will be testifying at the PUCO on what costs should or shouldn't be in a forecasted test year, I can give you my colloquial impression of these provisions: it's a recipe for the utilities to guess high on their expenses and then spend as much money as they can. It will be difficult to protect your utility bills.

While the OMA has concerns over the fully forecasted test year and the change made regarding transmission oversight, a lot of work has been put into this bill to protect Ohio's customers. Through the repeal of electric security plans and OVEC subsidies, in addition to the inclusion of heat maps, this bill makes many significant positive changes to energy policy, and the OMA thanks the committee for their thoughtful evaluation of sub. House Bill 15.