

## THE BUCKEYE INSTITUTE

## More Affordable, Reliable Energy for Ohio

Interested Party Testimony Ohio Senate Energy Committee Ohio House Bill 15

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As Prepared for Delivery

Chair Chavez, Vice Chair Landis, Ranking Member Smith, and members of the Committee, thank you for the opportunity to testify regarding **Ohio House Bill 15**.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

House Bill 15 is Ohio's most free-market piece of energy legislation since the deregulation efforts in the late 1990s. The bill adheres to sound energy policies **recommended** earlier this year by The Buckeye Institute and Americans for Prosperity. It rightly ends government subsidies that damage energy markets, incentivizes new energy production by lowering taxes on new generations, streamlines the siting process for new generation and transmission, eliminates electric security plans, and continues to ensure utilities remain focused on transmission and distribution—not generation. As The Buckeye Institute previously **testified**, House Bill 15 creates readily accessible maps of geographic "hotspots" that require more electricity generation and/or transmission.

Several amendments, however, could improve the bill even more.

First, the legislation's language regarding the "true up" process during rate cases before the Public Utilities Commission is vague enough that utilities may get a rate of return on unneeded capacity. A third-party audit and language ensuring that all costs incurred are "reasonable and prudent" would help clarify the process and protect rate payers.

Second, in addition to electricity "hotspots," Ohio should draw similar "heat maps" for natural gas pipelines to help manage their capacity. Natural gas remains a critical source for generating electricity and Ohio must avoid future supply interruptions as residential and industrial demand increases.

Finally, as The Buckeye Institute **testified** regarding Senate Bill 275 during the last General Assembly, a virtual net metering option on brownfields could help expand energy production for users beyond the major energy consumers. We suggest including the virtual net metering option alongside the community energy pilot included in House Bill 15. We also recommend allowing market participants to develop "microgrids" to facilitate large-scale demand by major consumers like data centers and high-end manufacturing firms.

House Bill 15 takes great strides toward meeting Ohio's current and future energy challenges and does so in a market friendly way.

Thank you for your time and I look forward to answering any questions that the Committee may have.

## About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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