



March 2, 2021

Chair Hoops, Vice Chair Ray, Ranking Member Smith, and Members of the House Public Utilities Committee:

As providers of clean, reliable, efficient energy powered by Ohio natural gas, the Ohio Independent Power Producers (OIPP), thank you for the opportunity to testify as an interested party regarding House Bill 128. In short OIPP supports the overall direction of H.B. 128, but suggests the scope of the bill expand to also repeal the subsidies for the Ohio Valley Electric Corporation (OVEC) coal plants.

OIPP members develop, construct, and operate new natural gas-fired power plants, representing billions of dollars of new private investment in Ohio and thousands of megawatts of new, efficient, and reliable energy. These projects are entirely driven by private unsubsidized investment, not ratepayer guarantees, with project risk on the investors, not captive Ohio ratepayers. The willingness of investors to commit billions of dollars in direct investment to build new power generation facilities in Ohio is predicated on their long-term confidence in the PJM Interconnection regional wholesale electricity markets and Ohio's commitment to competitive markets.

The allegations surrounding House Bill 6 revealed a process that was corrupt, flawed, and premised on false or misleading statements and information. There is broad agreement that H.B. 6 must be repealed. However, it should not be forgotten that independent of the corruption, H.B. 6 also represented bad policy on the merits. During the previous two General Assemblies, the OIPP testified on multiple occasions on the detrimental impacts caused by the subsidies created by H.B. 6 and similar proposals. The subsidies manipulate the markets to pick winners and losers, drive up energy generation costs for consumers, and reduce competition. It's the competitive market that promotes efficiency, innovation and lowest costs for consumers. A competitive marketplace, with no unfair advantages, provides more opportunities for private infrastructure investment in Ohio.

We support ending the nuclear subsidies and appreciate this committee undertaking this overdue task, but respectfully request that the legislation be amended to repeal all of the subsidies created by H.B. 6 – specifically the OVEC subsidy. H.B. 128 represents an opportunity to restore public trust and promote a market-based approach to energy policy in Ohio, but without also repealing the OVEC subsidies, the legislation leaves the job unfinished.

Finding justification for ending subsidization of OVEC is not difficult. The age of the coal-fired power plants that comprise OVEC, and that one of the power plants is located in Indiana, provides more than enough reason to repeal OVEC's subsidy. Moreover, OIPP would remind this committee of OIPP's previous testimony in the 133rd and 132nd General Assembly regarding OVEC, noting the high debt held by OVEC creating the company's financial situation and the contract clauses that allow OVEC members to leave the OVEC operating agreement despite statements to the contrary. Put simply, the state of Ohio should not have a policy of providing ratepayer financial support to company because a private company entered into a contract that they now find disagreeable. The OVEC subsidies provide no public benefit to Ohio ratepayers.

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The system created by H.B. 6 of uncompetitive, out-of-market, subsidies sends the message that Ohio prefers one generation type and favors politically connected businesses, even if that produces higher electric generation costs for Ohio energy consumers. OIPP supports the intent of H.B. 128 and asks the Committee to go further and amend H.B. 128 by removing the OVEC coal subsidies that were also created by H.B. 6.

To keep Ohio's competitive markets strong, it is best for no single generation type to receive subsidies.

Thank you for addressing this issue and we stand ready to work with you to advance and strengthen Ohio's competitive markets.