



House Energy and Natural Resources Committee
HB 351 - Proponent Testimony
Sarah Spence, Executive Director
September 29, 2021

Chairman Hoops, Vice Chair Ray, Ranking Member Smith and members of the Public Utilities Committee: thank you for allowing me to submit written only proponent testimony for House Bill 351. My name is Sarah Spence, and I serve as the Executive Director of the Ohio Conservative Energy Forum (OHCEF). I am sorry that I cannot be with you in person today, but am traveling out of state for our Conservative Energy Forum national conference.

OHCEF was founded in 2015 to provide a forum for conservatives to discuss a diverse, all-of-the above energy portfolio – one that includes not only existing sources of traditional energy generation, but one that also seeks to expand the development of clean and renewable energy sources. OHCEF believes that clean energy and energy made clean through technology can strengthen both our economy and our national security while providing unmatched opportunities for Ohio-led innovation and job creation.

HB 351 seeks to undo the overreach of HB 6 and repeals and refunds the subsidy for two coal-fired plants owned by the Ohio Valley Electric Corporation (OVEC). OVEC is a company jointly owned by several parent or sponsoring electric utility companies. In Ohio, the major companies are AEP, Duke, and AES (formerly DP & L). These companies jointly entered into an agreement to serve a Department of Energy uranium enrichment plant. OVEC owns two coal plants – one in Indiana and one in Ohio – that date back to the 1950s. While the Department of Energy plant is no longer operating, the OVEC coal plants still are.

Prior to HB 6, the Ohio utilities that are part of OVEC sought, and was granted, cost recovery through the PUCO. These riders on ratepayer bills were scheduled to end sometime between 2024 to 2026 depending on the utility. However, HB 6 not only extended the length of the cost recovery, but also added in ratepayers in FirstEnergy territory that were not previously a part of the original PUCO-approved riders.

These plants are aging and are not competitive in the wholesale market. The plants haven't been economically competitive since 2012. The OVEC companies voluntarily decided to extend their agreement after the federal contract was cancelled and agreed to continue operations to provide coal-powered energy to the PJM. Simply put, this was a bad business decision.



Ohioans should not be responsible for bad business decisions made by the plant owners which, in this case, are three of Ohio's investor owned utilities. The effects of these decisions are not only seen by Ohio ratepayers on their money bills, but also felt in the economic activity that was stifled by the subsidies. Two natural gas plants decided against expansion and development in Ohio after the passage of HB 6. LS Power halted its \$500 million expansion and Clean Energy Future canceled its \$1.5 billion dollar investment in Ohio - that's *two billion dollars in lost economic development* in Ohio thanks to the market-distorting effects of HB 6 subsidies.

We need to do much more to create real, free-market competition for our energy sector, and HB 351 is a necessary step in the right direction. Thank you again for allowing me to submit written testimony in support of HB 351. If you have any questions for me, I would be happy to meet with committee members.