



September 29, 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 a proponent of House Bill 351. OIPP strongly supports a full repeal of ratepayer 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.

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 testified multiple times in the 133<sup>rd</sup> and 132<sup>nd</sup> General Assembly regarding OVEC, noting the high debt held by OVEC creating the company's current financial situation and the contract clauses that allow OVEC members to leave the OVEC operating agreement despite statements to the contrary. A copy of the contract is included with this testimony. The case against subsidizing OVEC was strong then and is stronger today.

Put simply, the state of Ohio should not have a policy of providing ratepayer financial support to a private company because that company entered into a contract that the shareholders now find disagreeable. The OVEC subsidies provide no public benefit to Ohio ratepayers, and in fact subsidize higher polluting generating facilities at the expense of cleaner unsubsidized competitive resources.

Worse, since H.B. 6 codified the OVEC subsidies, OVEC shareholders have no incentives to improve the power plants' competitiveness in the market. As long the power plants' operational costs are covered, the OVEC facility never truly faces market pressures created by competition and innovation. Instead, Ohioans continue to pay for inefficient power and increased pollution and the demand for new lower emission power plant construction is suppressed. Ohio ratepayers have already paid \$166 million for OVEC since 2020.

Eliminating ratepayer subsidies for OVEC levels the playing field – placing OVEC on the same footing as the other generators. Enacting H.B. 351 promotes a market-based approach to energy policy in Ohio to provide lower rates and a lower emitting generation sector in Ohio

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