

HOUSE PUBLIC UTILITIES COMMITTEE

HOUSE BILL 351

PROPONENT PARTY TESTIMONY

THE PJM POWER PROVIDERS GROUP¹

September 29, 2021

Chairman Hoops, Vice-Chair Ray, Ranking Member Smith, and members of the House Public Utility Committee. Thank you for the opportunity to submit written testimony on House Bill 351 (HB 351). The PJM Power Providers Group (P3) is a non-profit organization made up of power providers whose mission it is to promote properly designed and well-functioning competitive wholesale electricity markets in the 13-state region and the District of Columbia served by PJM Interconnection, L.L.C. (PJM). Combined, P3 members own more than 67,000 megawatts of generation assets in PJM. Several P3 member companies are active suppliers in the state of Ohio, either as generation suppliers or retail electric choice suppliers.

P3 supports HB 351. Many steps have been taken this year to rewrite policies that were put in place through the passage of HB 6 in the 133rd General Assembly. HB 6 was a flawed piece of legislation, and the General Assembly acted swiftly this year with appropriate action to ensure some policies within the legislation were corrected. While not every policy in HB 6 was deemed problematic, a number of policies were on the table to be debated. The “Legacy Generation Resource” payments awarded in HB 6 is one of those policies left to be addressed. These payments apply to the Ohio Valley Electric Corporation (OVEC), which consist of two coal plants located in Ohio and Indiana. P3 has consistently taken the position that all forms of subsidies disrupt competitive market signals and ultimately harm consumers by rewarding inefficient generators. A subsidy for OVEC allows an uncompetitive unit an unfair advantage over units that are otherwise more efficient.

Companies that operate in a competitive market should be fair game to changing economic burdens like everyone else. The Regional Transmission Organization Ohio is located in has determined that there are no reliability concerns connected with the operational status of the OVEC plants. The question at hand is whether these plants are bound by contract obligations to maintain operations. Even though the federal government provided notice to cancel their contract with OVEC years in advance with substantial termination payments, Ohio ratepayers are still subsidizing these two plants since that termination in 2003.

Additionally, FirstEnergy Solutions was relieved of its ownership obligations through bankruptcy court. Guaranteed payments to cover the uneconomic expense of these plants does not

¹ The views expressed in this testimony represent the views of P3 as an organization and do not necessarily reflect the views of individual P3 member companies with respect to any issue. For more information on P3, visit www.p3powergroup.com

create a pathway for the OVEC partnering agreement to conduct business in a way that benefits Ohio's ratepayers. As long as Ohioans are picking up the tab for these plants, there will be no incentive to adjust contract terms to meet economic demands.

We appreciate the House Public Utilities Committee's focus on this matter. P3 asks the committee to consider HB 351 as another step in fixing policies adopted in HB 6 to establish a better framework in Ohio's electric generation space. We appreciate the opportunity to submit written testimony in support of HB 351. P3 is available for further questions or comments regarding this legislation.