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**Testimony of the Manufacturing Policy Alliance on Sub. HB 317
by Joe Price
House Public Utilities Committee
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Chairman Hoops, Ranking Member Smith, Vice Chair Ray, and fellow distinguished members of the House Public Utilities Committee, my name is Joe Price, and I am a partner at Larr Policy Consulting, LLC. I am here today on behalf of the Manufacturing Policy Alliance (MPA).

MPA was formed to provide an effective voice on critical policy matters that affect the competitiveness of Ohio and its large manufacturing companies. We strive to work with the General Assembly and the Governor to help sustain a healthy and vibrant economy. I am here today to speak to the Committee in support of Substitute House Bill 317, which if enacted into law would serve as one of the most significant electric utility ratemaking reforms in more than a decade.

In many ways, *energy policy is manufacturing policy*. For large manufacturers, energy costs are often one of the most substantial expenses. And because we have competitors across the country and around the world, it is always to Ohio's advantage to keep energy – including electricity – affordable, reliable, and relatively predictable. In fact, it can be said that Ohio's energy policy is directly related to Ohio manufacturers' success when competing in today's increasingly competitive global marketplace. Ohio is competing against India as much as it is Indiana.

Substitute HB 317 makes several notable reforms. First, the bill would replace the outdated Electric Security Plan (ESP) statute with a new Competitive Power Plans (CPPs). The CPP carries with it significant consumer benefits that are lacking in current law. Take for example how the CPP would treat bill riders, which have been maligned in recent years. Riders are not inherently bad – in fact some riders are credits that serve to lower customers' electric bills – but it is true that they have proliferated under the existing ESP statute. The CPP would narrow the scope of riders to better focus them on the type of distribution investment that customers want and will benefit from, such as cybersecurity, battery storage, and infrastructure to accommodate electric vehicle charging. And very importantly, the CPP would cap the overall program costs at no greater than 3% of total distribution revenue – no such cost cap exists today.

The bill also makes important progress on another sore spot in recent years: refunds. At this point it is notorious that in the event of a successful Supreme Court challenge, customers often win a Pyrrhic victory, winning the war with very little to show for it. The ban on retroactive ratemaking has been detrimental to consumers for sure. Sub. HB 317 recognizes this problem but proposes a solution that gets to its core. Why do large refunds build up in the first place? The bill wisely restricts the amount of time the Public Utilities Commission of Ohio (PUCO) has

to conduct rehearings, thereby getting the case to the Ohio Supreme Court sooner. All parties – customers and utilities – will benefit from receiving certainty sooner.

Finally, we are thankful that the legislation recognizes the value that manufacturing companies and manufacturing jobs bring to Ohio. Manufacturing goes where the cost of production is lowest, the regulations the most-reasonable, and the labor force the most-skilled. Manufacturers must do this, or they won't survive – that's a condition of competition. Sub. HB 317 will preserve critically important tools in Ohio's economic development toolbox, which are needed not only to attract new investment to Ohio, but also to retain the factories and jobs that are already here. Specifically, the bill provides PUCO the authority to authorize interruptible rate programs that allow for large manufacturers to provide reliability to the electric grid during emergencies, transmission programs that allow customers to reduce demand during the times when the grid is under the most stress, and economic development programs to attract and retain manufacturers and their associated family-sustaining jobs.

MPA believes Substitute HB 317 will significantly improve the way in which electric rates are set and by doing so, will make Ohio a more attractive state for manufacturing. I'm pleased to say that *Sub. HB 317 is good energy policy, and therefore, good manufacturing policy*. We encourage the House to enact Substitute HB 317.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions that you or members of the Committee may have.