



**BEFORE THE HOUSE PUBLIC UTILITIES COMMITTEE  
REPRESENTATIVE JIM HOOPS, CHAIRMAN**

**TESTIMONY  
OF  
JOHN SERYAK  
OMA ENERGY ENGINEER**

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Chair Hoops, Vice-Chair Ray, Ranking Member Smith, and members of the House Public Utilities Committee, thank you for the opportunity to provide testimony today on House Bill 450. My name is John Seryak, and I am the founder of Runnerstone, an energy consultancy providing accurate, unbiased information on energy policy, regulations, and market matters. I am also CEO of its affiliate, Go Sustainable Energy, which provides accurate, unbiased information on energy efficiency, distributed energy, and energy management to energy using customers and utilities. I serve as the energy engineer to both The Ohio Manufacturers' Association (OMA) and the OMA Energy Group, and it is on the OMA's behalf that I testify today.

The OMA represents Ohio's robust manufacturing sector, boasting approximately 1,300 members of all sizes. As you well know, affordable and reliable energy is integral to the productivity of these manufacturers. Sourcing renewable energy is increasingly important to manufacturers as it has become economically competitive, and corporate sustainability goals are becoming commonplace. Energy is of paramount importance to Ohio's manufacturing competitiveness; therefore, Ohio's energy policy is of great significance to the OMA.

In the spirit of full disclosure, the Committee should know that in addition to supporting Ohio's manufacturers, my firm Go Sustainable Energy serves as an owner's representative to several municipal electric utilities and government clients that are integrating significant solar resources into their facilities and distribution utilities. We also advise community solar initiatives. In this capacity, it is our job to advise our clients on how to integrate solar with an intent to minimize costs, or even create savings, for other ratepayers and taxpayers. Our clients do this successfully, in Ohio, today. Our clients achieve this success by realizing the time and locational value of solar, by bidding projects competitively, and by choosing economic project sites over uneconomic project sites. Economic community solar can be developed in Ohio today under the right conditions.

House Bill 450 defines community solar and makes 2,000 megawatts of it eligible for a new virtual net-metering tariff. Community solar is intended to provide the benefits of solar to customers who face barriers to implementing solar at their home or business, by offering these customers a share of a solar system's output that is located somewhere else. The benefits of solar to customers are generally recognized as the environmental attribute, utility bill savings, local investment, and equity ownership of the solar system. Under HB450, customers may subscribe to these community solar projects to receive virtual net-metering. However, the subscribers are not guaranteed the benefits they are intended to receive from community solar of bill savings,

environmental attributes, and equity ownership. As currently drafted, the virtual net-metering provision is the OMA's chief concern.

Today, Ohio law already provides for net-metering of behind-the-meter solar at customer facilities, providing customers with on-site generation to only be charged for electricity on their net electricity use. As an example, if a home with rooftop solar uses 1,000 kWh in a month during nighttime hours, but the home exports 800 kWh to the grid from its solar production during daytime hours, then under net-metering, that home would be charged the net consumption of 200 kWh for the month. Importantly, the homeowner with net-metering would save on its electric generation, transmission, and distribution charges on the 800 kWh of exported electricity the full retail cost of electrical energy, or about \$0.115 /kWh. The homeowner can save on transmission and distribution costs – the cost of “the wires” - because it did not fully rely on the wires, but instead, the customer produced their own electricity on-site.

Typical virtual net-metering works in a similar manner but with a key difference – it allows customers to receive bill credits for generation from an off-site solar energy system. Unfortunately, House Bill 450 misses this key detail of limiting bill credits to just the generation component of electricity cost, by tethering the virtual net-metering provision to the existing on-site net-metering tariff. In doing so, the electric distribution utility must credit a community solar customer for about \$0.115 /kWh (generation, transmission, distribution) instead of \$0.05 /kWh (just generation). In essence, the community solar customer isn't paying for the grid services it is utilizing. As a result, the electric distribution utility would stand to lose \$0.065 /kWh it is required to collect to cover its costs of distribution and purchasing transmission. However, Ohio law makes the utility whole for these losses, and the utility is allowed to collect the balance of distribution and transmission costs from other ratepayers. Thus, this cost of virtual net metering – about \$225 million each year - would be shifted to other ratepayers. Tying the new virtual net-metering provision to customer-sited net-metering is what creates this significant cost-shifting.

I have other concerns. HB450 does not ensure that any virtual net-metering cost supported by other ratepayers flows through to community solar subscribers. Community solar is often intended to be for under-represented or low-income communities. If they are not guaranteed these bill savings, who then would receive this subsidy?

Policymakers should also note that our regional grid operator, PJM, is overwhelmed with so many proposed solar projects, that it has halted reviewing new solar interconnection requests for several years. Put plainly, the solar industry is growing so

rapidly, it is not clear virtual net-metering is needed to encourage additional solar growth.

While there are additional modifications that the sponsors should consider, OMA's main concern with House Bill 450 is the magnitude of the distribution and transmission cost-shifting. The clearest remedy would be to modify the virtual net-metering provision to apply to generation credits only, which would eliminate the shifting of distribution and transmission costs to non-subscribing ratepayers. Alternately, the time and locational value of the solar project to the transmission and distribution grids could be considered. This is already happening in Ohio, outside of investor-owned utilities. Getting these details right would result in the most-economic community solar projects being developed while minimizing costs to other ratepayers. This would ensure a fair and reasonable path to achieving the sponsors' goal of the legislation without requiring some customers to unnecessarily subsidize the energy generation choices of others. The OMA urges this committee to adopt this important modification.

Thank you, Mr. Chairman and members of the committee. I would be happy to answer any questions.