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Legal Department

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The Honorable Jim Hoops
Chairman
House Public Utilities Committee
77 South High Street
Columbus, Ohio 43215

Chairman Hoops and committee members:

AEP Ohio has long supported policies in Ohio that encourage a diverse generation mix, protect customers and support economic development. While we appreciate the continued work of the bill sponsors and this committee on HB 450, the bill still contains multiple harmful provisions that raise rates for customers not participating in the program while benefiting out-of-state developers through unjustified financial subsidies.

AEP Ohio updated our previous financial analysis to reflect the bill's provisions and found the bill, if enacted, still raises rates in a range of \$2.41 to \$8.16 per month for non-participating customers depending on how the language is interpreted. This assumes that several vague provisions, such as the EDU distribution credit, are interpreted as favorably for customers as possible. The bill now requires AEP Ohio to purchase the output of community solar subscribers at the inflated cost of 13 cents per kWh. For comparison, this almost doubles the payment that these customers would receive if they were treated as a regular net metering customer. While it is not possible to calculate all of the potential bill increases that this mandated purchase price will cause our customers, the language is very carefully written to ensure that developers will turn a profit for their out of state shareholders at the expense of non-participating Ohioans. Additionally, it is unclear if this program would impact the EDU's Standard Service Offer auction process.

In my previous testimony opposing the original bill on behalf of AEP Ohio, I highlighted the additional cost potential that community solar poses to customers since the generation is not located on the customer premises. The bill now offers 2 cents per kWh to the EDUs to cover distribution costs but it is unclear if this is intended to function as a credit back to customers. We have received no explanation on how this figure was calculated and it is not adequate to shield customers from the increased costs associated with the substitute bill.

The substitute bill contains a number of other provisions that benefit specific interests at the expense of customers. For example, HB 450 would require that

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electric utilities hold the unsubscribed generation of the community solar developers on our financial books. This explicit transfer of risk from private developers to utilities, that, under the bill, are explicitly prohibited from developing projects, is profoundly unfair, would create incentives for the development of community solar projects regardless of demand and raises serious constitutional concerns given the state's prohibition on EDUs owning generation.

The bill also provides preferential treatment for mercantile customer "carbon reduction systems." The term is vaguely defined in the legislation as being tied to the carbon profile of PJM's existing electric generation mix. Their purpose, however remains undefined. What is clear, though, is that these systems will allow group of customers to receive further subsidies through net metering since projects may be sited at 120 percent of a customer or group's needs.

In my previous opposition testimony on behalf of AEP Ohio, I urged this committee to take the opportunity to make Ohio's net metering structure more equitable. Unfortunately, HB 450 goes the opposite direction and increases the subsidies that nonparticipating customers will pay to community solar subscribers while out of state developers and trade associations that do not care about Ohio benefit. AEP Ohio continues to oppose HB 450.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Step. Hoops", is written over the typed name "Step. Hoops". The signature is fluid and cursive, with a long horizontal stroke extending to the right.