

**BEFORE THE ENERGY & PUBLIC UTILITIES COMMITTEE  
OF THE OHIO SENATE  
SENATE BILL 10**

**PROPONENT PARTY TESTIMONY  
THE PJM POWER PROVIDERS GROUP<sup>1</sup>**

**February 2, 2021**

Chairman Peterson, Vice-Chair Schuring, Ranking Member Williams, and members of the Senate Energy and Public Utility Committee. Thank you for the opportunity to submit written testimony on S.B. 10. 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 understands S.B. 10 is an effort to revise unnecessary policies, and to address some of the low hanging fruit within the corrupt H.B. 6 legislation from the last General Assembly. While P3 supports the quick legislative effort to reverse the unacceptable policies addressed in S.B. 10, we certainly hope the Legislature takes meaningful steps this year to eliminate all subsidies established in H.B. 6 of the 133<sup>rd</sup> General Assembly.

S.B. 10 seeks to undue two policies that were never enacted to lower the costs for ratepayers, enhance competition, or improve Ohio’s energy infrastructure. Instead, these two policies were enacted for the financial benefit of one electric utility company that is found to be at the center of Ohio’s largest legislative scandal. The General Assembly must recognize the policies backed by this kind of behavior and act to remove them. Currently, we have two of these policies before us.

**Decoupling**

A decoupling provision was enacted as part of H.B. 6 in the 133<sup>rd</sup> General Assembly. Decoupling is not a new concept and is typically something created at the Public Utilities Commission of Ohio (PUCO). Traditionally, an electric distribution utility earns more revenue by selling more electricity to customers. Under decoupling, the amount of electricity sold is no longer the determining factor for revenue. When a utility implements energy efficiency programs, often due

---

<sup>1</sup> 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](http://www.p3powergroup.com)

to a state mandate, decoupling can be used as the incentive to do so. Decoupling allows the utility to recover the needed costs to ensure revenues are there when customers are using less. However, H.B. 6 eliminated Ohio's energy efficiency standards. A state that doesn't require customers to use less electricity should not be guaranteeing revenue for a utility. Also, the state should not be using a base year that saw the highest revenues in the last decade as earnings for the utility going forward. This was all done to benefit one utility, which that company's CEO said makes his company "recession-proof." The elimination of energy efficiency mandates should provide enough reason why decoupling is not needed in state law. Furthermore, policies like decoupling should be handled at the PUCO.

### **Significantly Excessive Earnings Test (SEET)**

P3 supports the removal of the significantly excessive earnings test language, which was enacted in H.B. 166 of the 133<sup>rd</sup> General Assembly. Strides were made to protect consumers from excessive utility profits with the SEET law. The PUCO determines what is significantly excessive for a utility to earn from ratepayers. H.B. 166 changed the law to allow all the operating utilities under the FirstEnergy umbrella, Ohio Edison, Toledo Edison, and The Illuminating Company, to calculate their profits as a whole instead of individually. Excessive profits can now be protected by allowing less profitable utilities into the equation. This policy is far from one that protects consumers, and once again benefits the same company engaging in corrupt behavior to pass policies for financial gain. Therefore, this policy should be removed.

In conclusion, P3 urges the Senate Energy and Public Utility Committee to support S.B. 10. with an understanding that significant work still needs to be done. We understand this is an effort to fix some of the low hanging fruit. P3 is glad the Senate is working on measures to fix these policies, but our principal interest is repealing the subsidies created in H.B. 6. We appreciate the time and attention members of the General Assembly have taken to understand the position Ohio has been placed in with the passage of H.B. 6. P3 looks forward to constructively working with the Legislature to correct the problems created by H.B. 6.