

House Bill 128 Sponsor

Chairman Peterson, Vice-Chair Schuring, Ranking Member Williams and members of the Senate Energy and Public Utilities Committee thank you for allowing myself and Representative Dick Stein to give sponsor testimony on House Bill 128. This is a legislative package that is the result of extensive hearings, conversations, and feedback from the 133rd General Assembly and the current 134th General Assembly.

We, along with others both Republicans and Democrats did support HB 6 when it was brought up for a vote last year. We felt this was a way to save the nuclear plants and save over 4,000 jobs in the State of Ohio and make sure we continue to have clean power and a diversified energy portfolio. It also was projected to save the ratepayer an estimated \$2.3 billion over the term of the legislation.

However, when the story broke about the scandal and what was happening behind the scenes I, along with every member of this General Assembly was angry, disgusted and disappointed in what we were hearing. Those who voted for the bill voted for what was in the bill and discussed in committee hearings. We did not vote for what was happening behind the scenes and in a room somewhere outside the Statehouse. The people of this State have entrusted us to represent them here in Columbus in an honorable way by making the best decisions based on the information we have for the issues we have before us. Well that trust was taken advantage of and as you are well aware by reading the stories in the media and will continue to read those stories in the media those who have allegedly broken that trust, if found guilty, will pay dearly.

Today we are here before you to ask you to join us in supporting this legislation that will continue to move the State of Ohio forward in the energy sector to make sure Ohioans will have reliable, diversified and low cost energy. This legislation is simple and will do the following things:

Repeals the nuclear subsidy and maintains the limited solar subsidy

Since the enactment of House Bill 6, several changes affecting nuclear energy policy have taken place at the federal level. One, the Federal Energy Regulatory Commission (FERC) applied the Minimum Offer Price Rule (MOPR) to state-subsidized generation in PJM which has diluted the nuclear credit

support program included in House Bill 6. Second, Congress and the Biden Administration have signaled enacting some type of federal support for nuclear plants. These changes have made the subsidy no longer necessary to maintain operations at Ohio's two nuclear plants, Davis-Besse and Perry.

House Bill 128 originally eliminated the solar subsidy provision, but during testimony developers noted a number of these projects were completed, or near completion, and already received financing based on that solar credit offered in House Bill 6. The committee felt it was only fair to honor this commitment and the language mirrors language in the as passed Senate Bill 44.

Further, the legislation provides the Ohio Air Quality Development Authority the ability to use the solar fund, created by House Bill 6, to fund its operations to administer the solar credit provision (up to \$300,000 per year subject to Controlling Board approval).

Repeals the HB 6 decoupling provision

House Bill 128 would end the HB 6 decoupling provision and require the PUCO to order refunds to FirstEnergy ratepayers. The cost of this provision has grown in the past year from an estimated \$17 million in 2020 to around \$115 million in 2021.

As a result of this bill, it is estimated FirstEnergy ratepayers will receive a refund of around \$20 million for the partial collection in 2021. This provision is similar in-concept to the as passed by committee House Bill 798 from last General Assembly and the as passed by Senate committee Senate Bill 10.

Repeals the SEET (Significant Excessive Earnings Test) provision from HB 166

The bill removes the SEET provision contained in the budget from the 133rd General Assembly and requires any potential benefit to be refunded to ratepayers. This language is similar both to the as passed by committee House Bill 798 from last General Assembly and the as passed by Senate committee Senate Bill 10.

OSPB transmission report

In recent years, electric transmission system owners have significantly increased their investment in transmission facilities. According to a 2018 report by the Brattle Group, U.S. transmission investments by FERC regulated providers increased from \$2 billion a year in the 1990s to \$20 billion a year over the last five years. Further, they project \$120 to \$160 billion of investments over the next decade.

This legislation would require the Ohio Power Siting Board, in consultation with JobsOhio and PJM, and require least one public meeting, to submit a report to the General Assembly, not later than December 1, 2021, on whether the current requirements for planning of the power transmission system and associated facilities investment in Ohio are cost effective and in the interest of consumers.

In closing, House Bill 128 will result in further ratepayer protections and rate decreases for some Ohio ratepayers over current law. This is the result of the elimination of the FirstEnergy decoupling provision (~\$115 million per year), the elimination of the nuclear subsidies (\$150 million per year), and setting up future legislation to control the rapid growth of transmission costs.

I would also like to thank Senator Romanchuk for his work on SB 10 and Senators Rulli and Cirino for their work on SB 44. As was mentioned earlier in our testimony the language in these two Senate bills is similar to the language in HB 128. The work they have done on these two Senate bills has helped lay the groundwork that will create a diversified energy portfolio for the State of Ohio that will offer competitive, affordable and reliable energy to the Ohio ratepayer in the future.

Thank you again for allowing us the opportunity to present HB 128 to you today. We would be happy to answer any questions.