

# **Northwest Ohio Aggregation Coalition**



## **Cities**

**Maumee**

**Northwood**

**Oregon**

**Perrysburg**

**Rossford**

**Sylvania**

**Toledo**

**Waterville**

## **Villages**

**Delta**

**Holland**

**Ottawa Hills**

**Walbridge**

## **Townships**

**Lake**

**Perrysburg**

## **Counties**

**Lucas**

### **PROPONENT TESTIMONY –SB 117 Senate Energy and Public Utilities Committee**

**Thomas Hays**

**On Behalf of the Northwest Ohio Aggregation Coalition  
And its 15 Member Communities**

**May 12, 2021**

Chair Peterson, Vice Chair Schuring, Ranking Member Williams and members of the Energy and Public Utilities Committee thank you for this opportunity to present written testimony. One more thanks upfront: Senators Romanchuk and Craig, thank you for introducing this bill.

The Northwest Ohio Aggregation Coalition (NOAC) and its 15 member communities serve 125,000 residential, small businesses, family farms, and even our own government buildings in our electric aggregations. We have a simple goal: provide the lowest energy prices to our customers. Our competitive processes saved customers more than \$100 million over the past twenty years.

NOAC supports SB 117 because it lowers customers' electric bills.

SB 117 would end the worst of the HB 6 subsidies, the bailout of two 1950's era OVEC coal plants. Jobs Ohio could never use Ohioans' money to subsidize an out of state Indiana plant. This plant competes with Ohio's many generating plants. Its website states that it burns Illinois basin coal thus favoring out of state coal over Ohio's miners. However, more importantly and in a larger sense, the subsidies to both plants are without merit.

Highly profitable AEP, Duke and DP&L made a business decision to continue owning and operating two coal fired generation plants outside of their regulated Ohio businesses, where they are guaranteed a profit. Such corporate decisions should not be "heads the utilities win and tails the consumers' lose".

Long ago, the OVEC plants were built to supply power to federal facilities and guaranteed a profit. When the federal government determined not to extend the contract, the companies agreed among themselves to continue operating the plants by selling into the competitive market. For many years after the federal government contract ended, the plants produced large profits and the decision appeared to be a good business decision. AEP, Duke, and DP&L did not distribute these profits to Ohio's electric customers. Why should they? It was not part of their regulated Ohio business. It was their own business and their investment decision.

In 2011, the three companies again voted among themselves to continue operating the OVEC plants. In this case, the marketplace proved this an unwise decision. More nimble competitors and successful new technologies made OVEC's long-term outlook dim. The OVEC plants began to lose some money and as time elapsed, it became clear that this was a long-term problem likely to get worse. Rather than absorb the losses these companies decided to see if they could convince the Public Utilities Commission of Ohio and the Ohio Legislature to convert this unwise business decision into a subsidy paid for by Ohio's electric customers. The PUCO allowed the subsidy in an Electric Security Plan and then the legislature unfortunately passed HB 6.

The OVEC subsidy, like all subsidies, helps only the privileged few while hurting every customer from the largest factory to the most modest retiree. For almost six decades AEP, Duke and DP&L harvested profits from the OVEC plants. They alone should absorb any future losses or gather future profits.

Chair Peterson and members of this Committee, thank you for your work to eliminate all of the HB 6 subsidies. NOAC urges the Committee and Senate to take the next step and pass SB 117. Eliminating the OVEC subsidies and ordering a refund to everyone forced to pay it is long sought justice for customers.

NOAC thanks this Committee for the opportunity to testify.