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President
RYAN AUGSBURGER



September 14, 2021

The Honorable Rob McColley
Chairman
Energy and Public Utilities Committee
Ohio Senate
1 Capitol Square
2nd Floor
Columbus, Ohio 43215

RE: Senate Resolution 175 – Written Proponent Testimony

Dear Chairman McColley:

The OMA represents Ohio's robust manufacturing sector. We boast approximately 1,300 members – of all sizes. As you well know, affordable and reliable energy is integral to the productivity of these manufacturers. OMA's membership includes many of the largest, most sophisticated energy users in the state. Some of our members consume the same amount of electricity as a medium-sized city. In short, energy is of paramount importance to Ohio's manufacturing competitiveness; therefore, Ohio's energy policy is of great significance to us.

Senate Resolution 175 (SR 175) urges PJM Interconnection (PJM) and the Federal Energy Regulatory Commission to preserve the current Minimum Offer Price Rule (MOPR).

The MOPR was originally designed to prevent state subsidization of new natural gas generators entering the market. In December 2019 this was expanded to apply to new and existing power plants of any technological types that "receive, or are entitled to receive, certain out-of-market payments, with certain exemptions." This meant that nuclear, coal, and renewable power plants that receive state subsidies or other non-bypassable rider support would be required to offer into PJM's capacity auction at a set minimum price or apply for a Unit Specific Exemption.

The MOPR is intended to protect functioning, competitive electricity markets. In general, competitive markets are desirable because they have been shown to produce lower electricity prices for consumers than cost-of-service regulation. Markets also tend to produce better resource efficiency, and thus lower emissions from power plants. This is all to say that an order to protect markets has inherent features that protect consumers and manufacturers.

Since deregulation the competitive energy markets have saved Ohio's manufacturers billions of dollars. Because of deregulated generation markets, Ohio has competitive residential and industrial electricity rates. These markets have also allowed for billions in investment for new generation and a decrease in carbon emissions.

Eliminating the MOPR would allow PJM states to subsidize all types of generation thus increasing the costs and distorting a true market. Ohio customers would be paying more in the capacity auction because of state policies made in places like New Jersey or Pennsylvania. FERC and PJM should not allow one state's policy decisions impact all the states in an RTO.

We urge swift passage of SR 175 by the committee. Thank you very much for the opportunity to submit this written testimony. I'd be pleased to try to answer any questions that you might have; contact me at rbrundrett@ohiomfg.com or (614) 629-6814.

Sincerely,



Rob Brundrett
Managing Director, Public Policy Services