

**House Bill 143, House Public Utilities Committee  
Proponent Testimony of Joseph Olikar, Senior Regulatory Counsel, IGS Distributed  
Generation  
May 22, 2018**

Chairman Cupp, Vice Chair Carfagna, Ranking Member Ashford, members of the Committee, good afternoon and thank you for the opportunity to testify in support of House Bill 143 as amended. I am Joseph Olikar, Senior Regulatory Counsel of IGS Distributed Generation, which is an affiliate of IGS Energy.

IGS Distributed Generation and its affiliated companies employ more than 600 people in this state. We have installed over 80 MWs of solar and combined heat and power assets for residential and commercial customers in states throughout the country.

Our mission is to serve our customers by bringing transparency, simplicity, and ease to energy pricing, products, and services through the competitive marketplace. We believe in the individual consumer who will play a vital role in shaping the future of energy. It is with these values in mind that we recommend the passage of House Bill 143.

House Bill 143 seeks to address a flawed interpretation of the applicability of the kilowatt hour tax. Although Ohio law explicitly excludes applicability of the kWh tax to an “end user of electricity in this state who self-generates electricity,”<sup>1</sup> the Department of taxation has incorrectly determined that the exclusion is not available to individuals that partner with third parties to develop behind-the-meter generation.

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<sup>1</sup> R.C. 5727.80(A)(2).

Chapter 5727 does not define how it should be determined whether an end-user “self-generates” electricity. But Chapter 4928, which was enacted at the same time as the kWh tax, provides an expansive definition of “self-generator” to include “an entity in this state that owns or hosts on its premises an electric generation facility that produces electricity primarily for the owner's consumption and that may provide any such excess electricity to another entity, whether the facility is installed or operated by the owner or by an agent under a contract.”<sup>2</sup> Given the expansive definition of self-generator, under a common sense approach, all behind-the-meter generation resources should be exempt from the kWh tax. Accordingly, the General Assembly should pass HB 143 to ensure that distributed generation is not unduly taxed.

This clarification would reconcile Chapter 5727 with the balance of Chapter 4928, which is undoubtedly favors deployment of distributed generation resources. Indeed, the codified state policy contained in R.C. 4928.02 further reinforces Ohio's support of deployment of distributed generation resources:

- Ensure diversity of electricity supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers and by encouraging the development of distributed and small generation facilities
- Encourage implementation of distributed generation across customer classes through regular review and updating of administrative rules governing critical issues such as, but not limited to, interconnection standards, standby charges, and net metering

Applicability of the kWh tax to distributed generation works against these goals, imposing additional costs that undermine the economics of distributed generation projects, which are

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<sup>2</sup> R.C. 4928.01(A)(32).

generally more efficient and environmentally friendly than traditional centralized generation resources.

To ensure that Ohio businesses can deploy behind-the-meter generation utilizing modern-day financing arrangements, the General Assembly should move to correct this inconsistency in the statute. The bill provides a simple and straightforward clarification to ensure that the law is applied as originally intended. IGS encourages this committee to vote in favor of its passage.

Thank you for the opportunity to speak with you about the current version of House Bill 143. In any remaining time, I would be happy to answer any questions.

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