



Ohio House Public Utilities Committee
Chairman Jamie Callender
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Testimony Provided by:

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Chairman Callender, Vice Chair Wilkin, Ranking Member Smith, and members of the committee, thank you for allowing me to testify today in opposition to House Bill 247.

My name is Teresa Ringenbach, I am the Senior Manager of Government & Regulatory Affairs for all Centrica and Direct Energy businesses in the Midwest.

Today I am testifying on behalf of Direct Energy and its businesses operating in Ohio. In addition, to our traditional energy supply businesses we own several companies with locations in Ohio including Airtron Heating & Air Conditioning, SmartWatt an energy efficiency company, and Centrica Business Solutions which offers energy technologies to large commercial and industrial customers. We have over 300 employees in Ohio and serve nearly 550,000 Ohio electricity and natural gas customers. My testimony is asking this committee to vote no on House Bill 247, as introduced.

House Bill 247 would allow a utility to use captive customer electricity bills to finance wholly unregulated products and services. Ohio utilities are a regulated monopoly. They by design have the security of guaranteed cost recovery, plus revenue from captive customers. In return for this financial safety net they are the sole keepers of the distribution grid and keeping our electric highway flowing. In other words – it's their job to keep the lights on.

House Bill 247 is a distraction from maintaining the electric grid and its impact on Ohio's economy. In 2018, Ohio customers of our regulated utilities experienced 7.6 million customer-outages and customers suffered through 22 million hours without electricity. We don't need our utilities busy fixing a furnace or installing lights – we need them focused on the grid. House Bill 247 has many great grid related functions. This legislation needs to focus only on those items and remove all other unnecessary distractions.

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We do not need legislation to expand the financial safety net of these utilities to products and services unrelated to the grid function. This legislation will allow a utility to place unknown charges on all captive customer bills for products like home warranties, energy efficiency, and energy analytics inside a home or business. These are products that customers can and do receive from hundreds of companies in Ohio already. Companies like Direct Energy, who aren't guaranteed a rate of return and can't pass-along costs (even incrementally) to other Ohioans who don't use our services or buy our products.

Under House Bill 247, a customer in Cincinnati could be charged a fee to subsidize someone in Dublin, Ohio's new furnace or air conditioner. Or a large manufacturer in Toledo could be forced to pay a fee so their competitor can receive and have installed energy technologies in their business in Cleveland. Even worse, if the utility mismanages the products and loses money, all rate payers, not the utility pay for that risk. This legislation ignores the fundamental function of a utility monopoly – everyone pays even when you don't take that service.

As an example of how harmful this legislation could be, a mom and pop heating and air conditioning company under House Bill 247 will be forced to compete against a utility monopoly which has unlimited ability to charge all captive customers for the costs of offering these services. Costs like customer service call centers, back-office operations, trucks and equipment, as well as personnel. Even if a portion of these costs are paid for by the utility and in turn charged to all captive customers, the non-utility mom and pop simply can't compete.

Private companies should not be forced to compete against a monopoly, at some point, those private companies will be forced out of business. Meanwhile, electricity customers will be subjected to increasing bills with no options to avoid those fees.

To be clear there is nothing prohibiting the utilities from using an affiliate to offer these other services today, other than the fact that there is no guaranteed revenue when you operate as a competitive company. In fact, under current Ohio law, many utilities already have affiliates which offer many of these products. Ohio utilities are also able to have a third-party relationship or investment which prohibits the use of rate payer resources, but still allows a utility to participate in these products and services. Again, Ohio's current approach protects customers and businesses from monopoly abuse while focusing utilities on keeping the grid working.

In addition, the current approach prohibits the utility from accessing and using customers' information and data without permission to sell these products. House Bill 247 removes those protections too – the utility could mine its own customers to sell them products without ever asking permission and undercut the efforts of other companies who do not have captive customers and that same data.

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House Bill 247 has broad authority for a utility to offer ill-defined products and would be a death spiral to Ohio businesses and residents.

For our Ohio utilities, there is only one area which is a natural and total monopoly and that is the power grid itself. Improving the only thing that no one else in the state can offer 'the grid' should be the focus of House Bill 247. Allowing utilities to offer home warranties and repairs is a distraction from their core function and can currently be offered by their affiliate. We need a strong resilient grid which keeps the lights on and our manufacturers running. We don't need a utility to use rate payer funds to build a microgrid on a hospital campus. There are companies, like mine and utility affiliates, already doing that.

We also don't need the utilities to sell thermostats and home warranties – we need a strong grid.

House Bill 247 is a distraction from utilities finishing their one and only job – being the platform we all (including the utilities' affiliates) plug into. Anything that is not focused on building a true utility platform and improving and modernizing the distribution grid should not be acceptable to Ohio. We don't need a utility inside our homes, and we don't need to be charged for our neighbor's home warranty – we need the lights to stay on.

Direct Energy urges you to vote No on House Bill 247 as it is currently written.

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ATTACHMENT 1: Examples of existing utility affiliates or investments

- Duke Energy One : home services, warranty and repair, business energy services linked through third party partnerships
- Duke Energy Renewable Services: Renewables, microgrids, storage, batteries
- FirstEnergy and AEP partnership with HomeServ: Warranty and repair
- AEP Energy: Energy technologies, insights and supply
- AEP Energy Partners: wholesale supply, reliability products
- AEP Onsite Partners: Distributed generation/supply
- AEP Renewables: renewables
- AES Energy Storage/Fluence: Batteries
- AES – sPower
- AES Distributed Energy: Solar, wind and renewable energy technologies
- AEP investment in Greensmith: renewables