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Testimony of Jonathan Ryland Baylor, Senior Vice President of Lightstone Generation
Senate Energy and Public Utilities Committee
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Good morning Chairman Wilson, Vice Chairman McColley, and Ranking Member Williams. Thank you for the opportunity to testify on Substitute House Bill 6 (HB 6).

My name is Jon Baylor and I am a Senior Vice President of Lightstone Generation, which owns three large generation facilities located in Ohio — two powered by natural gas and one coal-fueled facility. My hope is that we can engage in a useful dialogue about Lightstone's business and investment ambitions for the State. I look forward to your questions.

To begin, I would like to provide an overview of Lightstone.

Lightstone Generation is a joint venture of two private investors – The Blackstone Group and Arclight Capital Partners. In January 2017, Lightstone invested $2.2 billion to purchase three large-scale Ohio power plants and one Indiana power plant from American Electric Power. This investment created the 11th largest power generator in PJM, and represents 13% of the installed generation capacity currently operating in Ohio.

Lightstone Generation's Ohio fleet has an electricity generating capacity of more than 4,000 MW, and consists of the following plants:

- the 510 MW Darby natural gas peaking plant in Pickaway County
- the 882 MW Waterford natural gas combined cycle plant in Washington County
- and the 2,700 MW Gavin coal plant in Gallia County

Gavin is the largest power plant in Ohio – and one of the largest in the United States. By way of comparison, Gavin alone is 600 MWs larger than both of the state's nuclear plants combined, in addition to all of the state's wind, solar and hydro generation combined.

I would like to highlight a few more statistics that help tell the Lightstone story in Ohio:

- Lightstone employs 225 full-time employees at our Ohio plants, plus more than 100 regularly-scheduled contract workers
- Since its acquisition of the plants in 2017, Lightstone has paid $27 million in property taxes to local governments in Ohio
- During that time period, Lightstone also spent more than $415 million in labor, goods, and services at our Ohio facilities
- Each year, we spend hundreds of millions of dollars in purchases of natural gas and coal, a significant portion of which comes from Ohio mines

Lightstone's investment in Ohio has not stopped with the $2 billion purchase of the plants. We are currently investing an additional $100 million in new capital projects at our Ohio plants to enhance the plants' efficiencies and improve their performance in the marketplace. This includes investment in a lime-to-limestone project at Gavin, which employed 165 contractors at its peak and was completed in late May.

Lightstone's significant investments in our Ohio assets have been and will be made with private capital in order to maintain and strengthen our competitiveness.

Lightstone's initial investment of $2.2 billion was made in large part because of the state's long-standing support for free market principles and competitive power markets. When we consider such a large investment in generating assets, we look not only at the physical facilities, but also at the regulatory structure and energy policy of the state or market where the assets are located.

LIGHTSTONE GENERATION

To be clear, Ohio's conservative tradition of free-market economic principles played a definitive role in our choice to make a significant capital investment in this state.

We understand – as every investor in a power plant in Ohio understands, whether they own a natural gas, nuclear, or coal plant — that we must compete in the marketplace, when prices are up or when the market is down. We constantly strive to improve our cost profile, our purchasing strategies, and our fuel procurement and have found ways to streamline, to save money, and to remain competitive. We have reduced our workforce – all through voluntary means and with the cooperation of our union, the Utility Workers Union of America (AFL-CIO) Local 296 - in order to right size our labor costs.

Lightstone urges the committee to take the time necessary to fully vet the impacts of any proposal that provides a subsidy to generation facilities that seek out-of-market compensation . These kinds of subsidies create an uneven playing field and effectively upset a competitive market established with the goal of delivering reliable, low-cost electricity from the most efficient and competitive owners and operators. Furthermore, subsidies have a chilling effect on investors like us and hinder future investment in the state's power generation infrastructure.

Thank you Mr. Chairman and members of the committee for allowing me to testify on this vitally important issue. I would be glad to answer any questions you may have.