



House Public Utilities Committee  
Substitute House Bill 317  
November 15, 2022

Chairman Hoops and members of the House Public Utilities Committee, thank you for the opportunity to provide written proponent testimony on the newest version of Substitute House Bill 317 (Sub. HB 317).

The Alliance for Energy Choice is an Ohio non-profit corporation that seeks to promote fairness and competition in electric utility service. The Alliance advocates for free-market solutions that will ensure an adequate and fairly priced supply of electric power to Ohio's residents, businesses, and industries. The Alliance also advocates for policies that do not favor one supplier or one form of energy over another.

Our members continue to champion the overall spirit and intent of Sub. HB 317. As the bill progresses forward, our group supports the following specific improvements presently included in this version of Sub. HB 317:

- Prohibiting Electric Distribution Utilities (EDUs) from owning or operating an electric generating facility, other than a "Legacy Generation Resource," a mercantile customer-sited renewable energy resource, or an energy storage system that is used for distribution reliability.
- Reducing drastically the number and types of "interim distribution mechanisms" (IDMs), formerly referred to as riders, for which EDUs may recover costs from their distribution customers via a Standard Service Offer Plan (SSOP).
- Capping the amount an EDU can collect through an IDM at 4% of its base distribution revenue requirement previously approved by the Public Utilities Commission of Ohio.
- Requiring that no SSOP have a term less than three years or in excess of five years in length.
- Requiring that at least once during the term of an SSOP, an EDU must file a distribution rate case.
- Requiring a \$150,000 surety bond for certification as a Competitive Retail Electric Supplier (CRES).
- Requiring a \$150,000 surety bond for certification as a Competitive Retail Natural Gas Supplier (CRNGS).
- Requiring CRES and CRNGS to provide their customers with written notifications prior to a contract expiring and before a fixed rate converts to a variable rate.

Including the aforementioned provisions has greatly enhanced the pro-competition and pro-customer aspects of the bill.

However, a provision we previously supported that prohibited EDUs from bidding into the wholesale market the energy from any electric energy storage system that the EDU invested in for distribution service, has been modified in the most recent version of the bill to make it untenable in our eyes. New language was added to the provision that essentially cancels out its original intent by proactively

creating a specific situation that would allow the EDUs to bid their energy systems paid for by their distribution customers into the wholesale energy market where they would compete with generation resources that do not enjoy similar subsidization. This is anti-competitive and anti-customer as it would negatively impact the costs that Ohio customers pay on their bills. To be clear, current Ohio law does not permit EDUs to engage in this practice.

As such, our group strongly recommends the new language be returned to its original form by striking the language below highlighted in yellow:

*Sec. 4928.149. No electric distribution utility may use any electric energy storage system to participate in the wholesale market, if the utility purchased or acquired that system for distribution service, unless all revenues derived from such participation, net of any associated system costs, are solely applied to reduce the overall costs of the system to customers.*

The members of the Alliance look forward to continuing to work with the bill sponsor and the Committee to make this legislation as strong as possible. We appreciate this opportunity to submit written proponent testimony on the newest version of Sub. HB 317.

As always, please do not hesitate to contact us if you have any questions or would like further information regarding this document or the Alliance for Energy Choice.

The logo for the Alliance for Energy Choice, featuring the text "Alliance for Energy Choice" in a green serif font with a yellow swoosh underline.

The Alliance for Energy Choice membership currently includes The Electric Power Supply Association, NRG, and Vistra Energy.