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Written Proponent Testimony – House Bill 317

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House Public Utilities Committee

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Chairman Hoops, Vice Chair Ray, Ranking Member Smith, and members of the committee thank you for the opportunity to submit testimony on HB 317. My name is Perry Oman and I'm one of the founding members of the Energy Professionals of Ohio (EPO). The EPO thanks you for the opportunity to provide proponent testimony today for House Bill 317, legislation that would replace Ohio's Electric Security Plan with the Competitive Power Plan as the method for setting electricity prices for those customers in Ohio who do not shop for power.

The EPO was founded in 2014 and represents companies who assist customers with the procurement of energy, both electricity and natural gas. These contracts can be extremely challenging to understand, and customers no longer look for just the lowest price. The market has evolved to the point that energy management services like mine are commonplace in the market. Nearly two-thirds of energy purchased in the commercial and industrial spaces is done with the help of someone like me.

The EPO supports HB 317 for several reasons including the stopping of runaway riders affecting customer bills, as well as an improvement in how dollars are refunded for illegal riders. However, the EPO shares the concerns raised by RESA in their written testimony regarding an EDU's use of battery storage for bidding in the wholesale marketplace. This language begins on line 2104 and would allow an EDU to use ratepayer funded capital assets to bid into the wholesale market. While the language only allows revenue derived from such sale to reduce the overall costs of the system, this provision unnecessarily blends monopoly assets with the private market. The EPO suggests removing all of the language starting on line 2104 after the comma and through line 2107.

**Runaway Riders** - Under current law in an ESP a utility may propose a rider for nearly anything under the sun they can get parties to its case to agree to. In recent memory AEP and FirstEnergy have layered dozens upon dozens of riders onto customer bills. These riders are generally not escapable by shopping. Should any committee member wish we'd be happy to share data that showed in these utility territories in past years of declining commodity prices customers saw almost no benefit on their final bill due to the proliferation of riders. HB 317 puts stop to that. Starting on line 707, HB 317 allows a utility to apply for an "incremental distribution mechanism" (IDM). The utility is limited to only 3 of these and may ask for only one a year. Further these IDM's are capped at 4% growth. This proposal is **much** better for

customers than the current system which allows for runaway riders with no limit on their growth.

**Rider Refund** - The EPO is also supportive of the incremental improvement to the *Keko* decision handed down in 1957 emptying the pockets of customers since. That Ohio Supreme Court decision allows utilities to keep the money collected by riders that are later found to be unlawful. HB 317 would allow customers to be refunded the dollars collected after a rate is determined to be unlawful by the court but before the PUCO can approve a new tariff. The EPO is pleased to see movement in favor of customers; however, the EPO suggests that once a rate or tariff is challenged and certified by the Court for a review and order, those rates should either be paused, or collected and held separately should a refund order be the result.

**Small Commercial Customer Definition (beginning on line 1654)** - HB 317 also provides, for the first time ever, a clear definition of small commercial customer in Ohio law. Right now, this definition changes by utility rate schedule. Small commercial customers must have certain protections written into their contract under PUCO rules. Since the definition is different depending on the utility a customer may reside in it creates confusion in the marketplace. The EPO has dealt on a number of occasions with suppliers using form contracts across the state that may not adhere to PUCO rules. This small change will ensure that the consumer protections afforded residential and small commercial customers are protected and do not affect the freedom of larger and more sophisticated actors from assigning risk differently in their own contracts.

**Registration Suggestion** – Finally, the EPO suggests one addition to the legislation – a simple registration requirement for any subcontractor hired by a third party vendor who is paid to solicit business via door-to-door or telemarketing. These solicitors are not currently required to be licensed and certified by the PUCO, as they sell under the license of the hiring third party.

By simply requiring any individual from a marketing entity to register their full name, contact information, and the company they are working for or on behalf of would help ensure accountability is being placed at the right level in those instances where “slamming” occurs and would help the PUCO’s enforcement division to find and punish people who are undermining the free market by willfully or recklessly breaking the law.

Thank you for allowing me to testify today regarding the EPO’s support for HB 317. I’m happy to take any questions the committee may have.