



**SENATE BILL 102 OF THE 135th OHIO GENERAL ASSEMBLY
TESTIMONY OF AMY SPILLER, PRESIDENT OF DUKE ENERGY OHIO
BEFORE THE OHIO SENATE ENERGY & PUBLIC UTILITIES COMMITTEE**

June 20, 2023

Chair Reineke, Vice Chair McColley, Ranking Member Smith, and members of the Ohio Senate Energy & Public Utilities Committee,

My name is Amy Spiller, and I am President of Duke Energy Ohio. I lead the company's business, regulatory, and legislative functions that facilitate the provision of safe and reliable energy services and solutions for our 700,000 electric and 490,000 natural gas customers in southwest Ohio, just as Duke Energy Ohio and its predecessor companies have done for over 185 years.

The electric industry is currently in a period of marked transition – transition that is happening at a pace we have not encountered in the past. These changing circumstances have prompted further reflection on the provisions of Senate Bill 102 (S.B. 102), which fairly resemble those included in predecessor legislation introduced in the last General Assembly. Today, I offer testimony in opposition to the now proposed bill.

The existing electric grid was designed and constructed to enable the flow of power from large central generating stations to customers' homes and businesses. But that model is undeniably changing. Power flow is now bi-directional. Base load power plants continue to retire at an increasing pace and the generation that may replace these resources is predominantly intermittent. Solar and battery resources will be geographically dispersed, requiring new investments in transmission and distribution systems. And, federal laws are accelerating the electrification of transportation, which will have significant implications for the electric grid. These changes are coming quickly, yet the obligations of Ohio's electric distribution utilities remain constant.

We are the backstop for our customers, communities, and economy. We are the companies on whom all Ohioans rely for safe, reliable power every day. And the challenges facing our industry are not always defined by policy – Mother Nature has a say. A recurring pattern of extreme weather events has strained grid reliability and heightened awareness of potential issues across the nation. Here at home, Winter Storm

Elliott brought sustained freezing temperatures and intense pressure on the grid. Although Ohio was not subjected to rolling blackouts in December 2022, the regional transmission organization, of which it is a member, has documented that reliability and resource adequacy deficiencies must be addressed. This is a problem for Ohio; not just in meeting the needs of the present, but also in the state's ability to shape its future.

Economic development occurs where there is a functioning synergy between available resources, an innovative spirit and desire to grow, and prospective public policy. This indisputably includes utilities and the critical infrastructure we build, operate, and maintain.

Utility partners have always been a critical part of the economic development team to attract new business to communities and states, but looking ahead, they will play an even bigger role in 2023 to win (or lose) large industrial site selection projects. Lauren Berry. (2023). *Energy Costs Come to the Forefront*. AreaDevelopment. <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2023/energy-costs-come-to-the-forefront-lauren-berry.shtml>)

Given Ohio's abundant natural and manufacturing resources and its historic "build-it-here" culture, the state has the potential to be a leader in a national industrial renaissance. We see a recognition of the importance of utilities in the pending creation of the All Ohio Future Fund, which seeks to build upon recent economic development successes by leveraging the availability of utility service to attract new businesses and jobs. But continued access to reliable service is being challenged, in part, by the factors mentioned above. And while elements of S.B. 102 address economic development, some of the investments necessary for the state to fully meet its potential will require long-term capital planning that is better facilitated under the current regulatory structure. The state needs now more than ever a comprehensive, holistic, and strategic energy policy; not partial reforms that jeopardize the state's economic prosperity and our customers' access to the resources on which they so critically rely.

I turn now to the cornerstone of S.B. 102, which is the repeal of electric security plans, or ESPs. This proposed change to current law would be understandable if two conditions were present: first, if there was widespread evidence that ESPs are consistently failing to

benefit customers; and second, if a replacement option can be created that improves upon the present while laying the groundwork to meet the needs of the future.

As to the first condition, there is a belief that ESPs have functioned only to benefit electric distribution utilities, to the detriment of all others. This belief cannot be reconciled with our experience. Since the inception of Duke Energy Ohio's first ESP in 2009, our customers have consistently enjoyed rates well below the national average.¹ Because of the ESP format, we quickly transitioned to the fully competitive market, expanding opportunities for marketers and customers, alike. Importantly, through four ESPs, Duke Energy Ohio has made timely investments in our systems while mitigating abrupt rate changes. We also were able to take advantage of prior federal grants for smartgrid infrastructure, reducing overall costs for customers. Therefore, our experience indicates a lack of evidence that Duke Energy Ohio customers have suffered under ESPs.

As to the second condition, the elimination of ESPs and the imposition of new restrictions upon Ohio's electric distribution utilities will provide no improvement upon the present; our experience with ESPs proves these changes are unnecessary. Furthermore, these changes are not in sync with the intention of leveraging utility service to build Ohio's economy for the future. Instead, taking these drastic steps, at this time of extreme change in our industry, will merely restrict access to the tools and services that customers require and to which they are fairly entitled.

Rather than continuing to look to the past, today I am asking you to look to the future, and respectfully encourage the development of a package of energy policy reforms that provides the Public Utilities Commission of Ohio with flexibility and the ability to authorize the tools it feels are necessary to balance the interests of utility customers and companies. It should also position utility service availability and capacity as an economic development driver that Ohio can leverage to move our state and local economies forward.

For the reasons I have presented, Duke Energy Ohio believes that present conditions do not warrant the sea change in regulatory law that S.B. 102 would produce. I respectfully

¹ Edison Electric Institute. (2022). *Customer, Sales, and Revenues*. <https://www.eei.org/en/resources-and-media/industry-data>

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ask that this committee not recommend S.B. 102 in its current form for passage by the Senate and, instead, that you reconsider the reforms contained within the bill so that only those changes that improve Ohio's regulatory environment and serve to move the state forward both economically and from a reliability standpoint are adopted.

Chair Reineke, Vice Chair McColley, Ranking Member Smith, and members of the Senate Energy & Public Utilities Committee, thank you again for allowing me to testify about this very important legislation.

Sincerely,

A handwritten signature in blue ink that reads "Amy Spiller". The signature is written in a cursive style with a large initial "A".

Amy Spiller
President, Duke Energy Ohio