



CITIZENS UTILITY BOARD OF OHIO

Proponent Testimony by Tom Bullock on Senate Bill 275
Executive Director, Citizens Utility Board of Ohio
Senate Energy and Public Utilities Committee
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Chairman Reineke, Vice-Chair McColley, Ranking Member Smith, and members of the Senate Energy and Public Utilities Committee, thank you for the opportunity to submit proponent testimony for Senate Bill 275 (SB 275), a bill to offer small business consumers the option to buy affordably priced, reliable, in-state power through net metered energy projects on distressed property. My name is Tom Bullock, and I am executive director of the Citizens Utility Board of Ohio (CUB Ohio).

In an era of rapid transition in the energy industry, the **Citizens Utility Board of Ohio (CUB Ohio)** is Ohio's pro-innovation, non-profit utility consumer advocate. We see the potential for a bright future for the energy sector in Ohio, and we seek to manage this transition to the benefit of **residential and small-business customers** statewide.

With **members in the service territories of all investor-owned utilities** and in that of many **rural cooperatives and municipal utilities**, we seek to leverage new technology as well as new and old energy sources to ensure cheaper bills, reliable service, transparency, consumer rights, and clean, healthy energy delivered equitably.

Inflection Point: Rely on Market Competition as solution to projected load growth

As Ohio faces the projected growing energy demand from Intel and related development, from data centers and AI, and from electrification of transportation, buildings, and industry, it is essential that Ohio consumers continue to benefit from market competition and the cost-savings it brings, first committed to by our state committed in 1999 (SB 3). Prior to deregulation taking effect in 2001, Ohio had higher energy prices, and customers achieved a savings in the following years.

How much has market competition saved Ohio electricity consumers? Two studies by NOPEC¹ calculated savings for Ohio consumers at \$24 billion from 2011 through 2019, \$3 billion per year, as a result of deregulation, with an additional \$3 billion in annual savings projected annually if regulated utilities did not try to capture the savings in increased riders and charges that relate to generation.

To continue these savings, Ohio should continue policies that protect market competition and facilitate private sector competition business models.

Net metering is a competitive tool that delivers affordable power with a stable, long-term price

For more than 20 years, Ohio has allowed net metering, a policy in which electricity customers who produce their own electricity save money by displacing the cost of electricity they would otherwise have purchased and by receiving a credit for any electricity that flows back onto the utility's distribution system. Under current law, a net metering system can use "as its fuel either solar, wind, biomass, landfill gas, or hydropower, or ... a microturbine or a fuel cell" (O.R.C. 4928.01 (A)(31)(a)).

¹ NOPEC studies: "Electricity Customer Choice in Ohio: How Competition Has Outperformed Traditional Monopoly Regulation", 2016; and "Update on Electricity Customer Choice in Ohio: Competition Continues to Outperform Traditional Monopoly Regulation", 2019 by Cleveland State University Maxine Goodman Levin College of Urban Affairs and The Ohio State University John Glenn College of Public Affairs.

These systems may be owned by the customer or by a third party and connect to the local (distribution) grid. In either arrangement, the power priced in a stable manner over a long period (15 to 25 years), typically at a savings compared to traditional billing, making the stability and predictable savings attractive. As solar has come down in price, consumers have been interested in its cost saving as part of net metering.

Net metering is a market competition-based class of energy development since it is built with the private capital of the system owner, whether the owner is a customer or a third-party company. Unlike the guaranteed rate of return granted by law to utilities, this means the owner assumes the risk of construction and operation—not the utility or anyone else. If the energy system fails to produce, or if the energy subscriber fails to pay (in the case of third party-owned systems), it is the investor that is at risk. This free-market risk imposes price discipline: net metering systems that are too expensive will not get built in the first place.

What SB 275 Does:

SB 275 takes a conservative approach (both in terms of the law and business models) by proposing a modest land use change to existing net metering law while retaining its existing financial terms and energy crediting system. It does not propose new or enhanced energy credits for energy developers and investors.

Regarding land use, SB 275 proposes a version of what is already in effect in Pennsylvania and West Virginia: virtual net metering. It would allow a commercial customer to use electricity from a net metering energy project located anywhere within the service territory of the electric distribution utility where customer is located **as long as it is on distressed property such as brownfields, landfills, or abandoned mine lands**. The bill allows the customer to aggregate all of its meters (meaning a net metering generation system could supply power to a customer that has multiple buildings served by separate meters).

Other advantages of the thoughtful policy proposed by SB 275 include:

- Affordability to the system, since commercial customers served by these virtual net metering systems will continue to pay their distribution costs under current billing structures; and
- The speed and timeliness of new generation capacity added to Ohio's power grid by net-metering systems (1 to 2 years), given that they would interconnect to the distribution grid, rather than the transmission grid (5 to 7 years).

Conclusion:

SB 275 would offer strong new tools for Ohio consumers to affordably meet their power needs.

Thank you for the opportunity to provide proponent testimony on behalf of SB 275. I am happy to answer your questions.