

Public Utilities Commission of Ohio
Jenifer French, Chair

House Energy Committee
February 5, 2025



Introduction

Good morning. Chairman Holmes, Vice Chairman Klopfenstein and Ranking Member Glassburn, my name is Jenifer French and I serve as the chair of the Public Utilities Commission of Ohio (PUCO) and the chair of the Ohio Power Siting Board (OPSB). Thank you for inviting me here today.

By way of background, the PUCO's mission is to assure all residential and business consumers have access to adequate, safe and reliable utility services at fair prices, while facilitating an environment that provides competitive choices.

The PUCO regulates investor-owned electric distribution, natural gas, and water and wastewater utilities. I emphasize "investor-owned" here because we do not have regulatory authority over municipally run utilities or cooperative utilities—except for pipeline safety and rural telephone cooperatives.

Energy Policy

I know that many of you are new to the area of energy and some of you are new to the General Assembly as well. As someone who remembers what it was like to be brand new to this area, I am going to do my best to explain things as I go along and for those of you who are familiar with all things energy, I hope you can bear with me. First, let me set the stage by explaining what we refer to as the three buckets that comprise the world of energy as it relates to public utilities. First, there is generation. This is the commodity, or the production of electricity. Examples of an electric generation facility include a gas power plant or a solar array. In bucket two is transmission, which are the large lines that bring high voltage electricity from the generation source onto the grid. The final bucket is distribution. This is the system that brings the electricity from the transmission lines down to the smaller, lower voltage lines that deliver it to our homes and businesses. Jurisdictionally speaking, the PUCO does not regulate generation or transmission of electricity. The PUCO only regulates distribution.

In my view, there are four main areas of Ohio's energy framework.

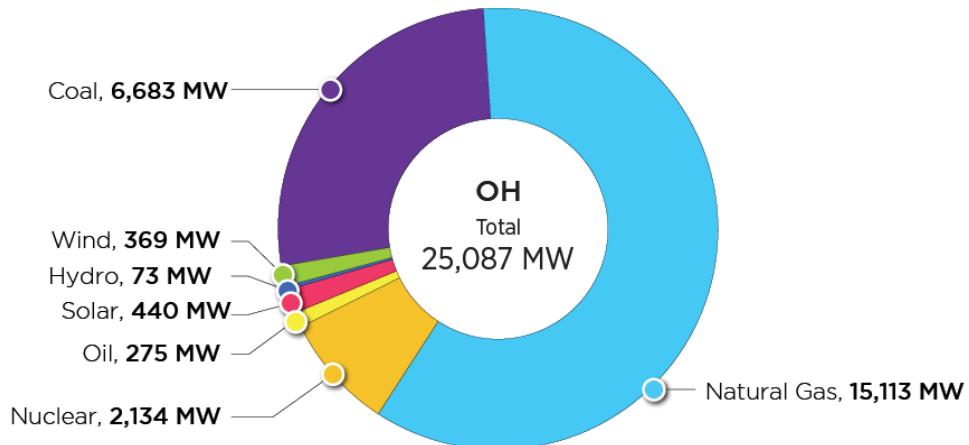
1. A competitive generation mix in Ohio that supports reliability and affordability

In terms of electric generation, Ohio policy supports a competitive generation mix. This includes, but is not limited to, coal, gas, nuclear, solar, storage, and wind. Today, generation service is provided by the competitive market, not the electric distribution utilities. This means that in Ohio customers no longer have to bear the cost of building and running the actual generation units, because they are owned by entities in the competitive market, not the utilities.

In Ohio, we have several electric distribution utilities, and we call them EDUs. Our EDUs exist in the PJM footprint. PJM is a Regional Transmission Organization (RTO) whose job is to balance

supply with demand for a region made up of 13 states plus Washington, DC, by coordinating, controlling, and monitoring the regional electric grid.

The transfer of electricity between states is considered interstate commerce and therefore is regulated by the Federal Energy Regulatory Commission (FERC). In Ohio, we have around 25,000 megawatts (MWs) of generation, with 60% of that load being derived from natural gas generation units. To give you an idea of how power is measured, 1 megawatt could power approximately 750 homes.

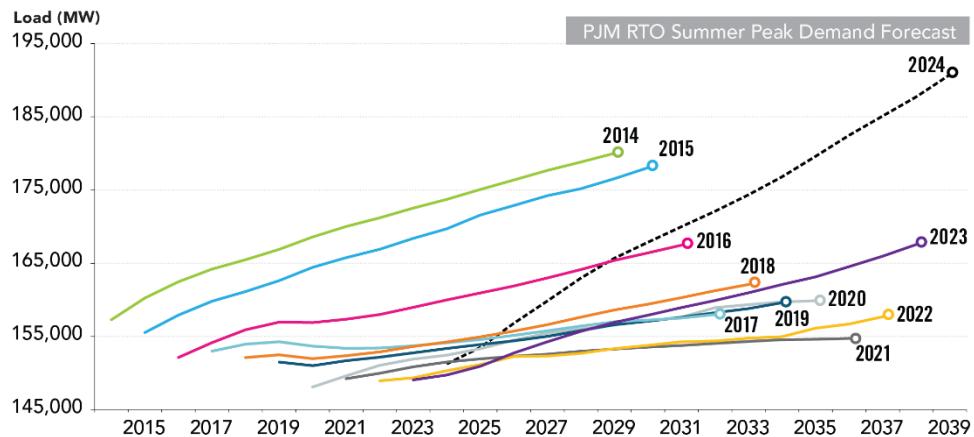


Ohio – Existing Installed Capacity by Fuel Type as of Dec. 31, 2023

New supply over the last five years or so has been largely solar, solar plus battery storage, stand-alone battery storage, and some natural gas-fired generation facilities, which complement our existing coal and nuclear resources.

In Ohio and around the country, we are hearing increasing concerns regarding the reliability of the electric grid. We are seeing renewed demand for additional energy being prompted by increased manufacturing and development of artificial intelligence and data centers. During this time of increasing electricity demand, we've also seen a transition from dispatchable thermal generation sources, otherwise known as baseload generation (for example, nuclear, coal and natural gas), to more intermittent renewable resources such as wind and solar. In fact, renewable, storage and hybrid resources make up over 90% of the projects seeking approval in PJM's interconnection queue. Adding to the reliability dilemma, we are seeing a number of deactivations from existing electric plants within the PJM region. This is why it is important to encourage the construction of natural gas plants, which can be fueled by the resources here in Ohio.

The graph below illustrates PJM's projected peak demand growth over fifteen years.

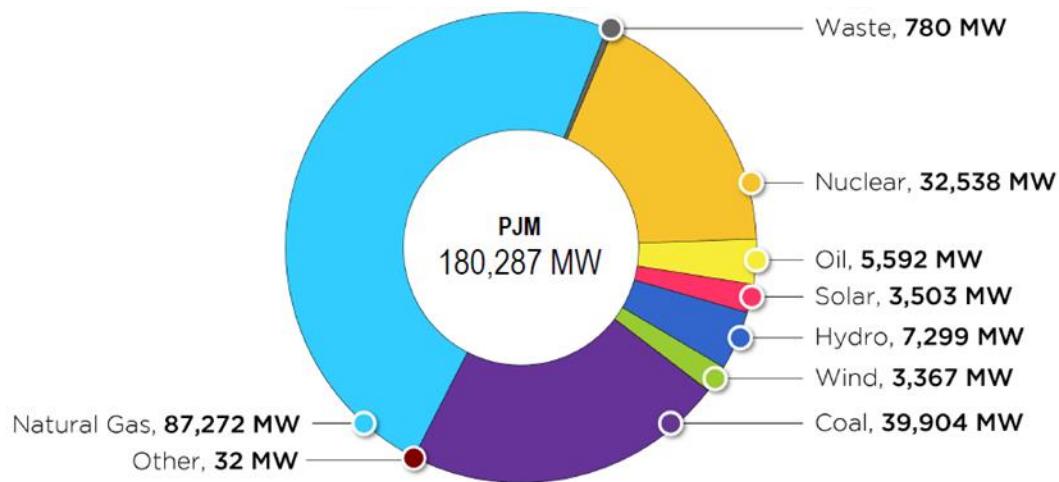


As you can see, our region needs to continue to develop our electric generating resources so that we can continue to support additional economic growth while at the same time keeping electricity costs reasonable for consumers.

2. Competitive markets

The second cornerstone of Ohio's energy policy is our participation in competitive wholesale and retail markets. Healthy and robust markets set Ohio apart from our neighbors and encourage choice, as well as provide a healthy environment to allow for economic development and job growth.

The wholesale markets are overseen by PJM. Throughout the PJM region, there is 180,000 MWs of installed generation capacity, with 48% consisting of natural gas.



PJM Existing Installed Capacity Mix as of Dec. 31, 2023

We need to ensure that Ohio's interests are represented in PJM. For our part at the PUCO, we have a dedicated team led by our Federal Energy Advocate, Sarah Parrot, constantly monitoring

FERC and RTO activities at PJM and across the country. Ohio may be only one of the 13 states plus DC in PJM, but it accounts for the largest PJM load, at about 20%. Further, in terms of electricity production, Ohio is within the top five in the PJM footprint, and within the top ten nationally. Based on these numbers, it is clear that it is important for Ohio to have a strong voice in advocating before federal regulators to ensure Ohio's wholesale and retail markets remain fair and transparent for Ohio consumers, businesses, and those that want to grow and build in Ohio.

3. Grid modernization

Ohio's energy policy supports and encourages a modern grid. With PUCO approval, Ohio's investor-owned utilities have been making important investments in grid modernization and smart grid technology over the past few years. Advanced metering infrastructure and automated grid equipment continues to come online across Ohio. The intended goals of these investments are increased reliability, service quality, and affordability.

4. Economic Development

The fourth cornerstone of Ohio's energy policy is one that supports economic development. We at the PUCO understand that we have an important role to play with regard to economic development, and we are committed to working with companies who want to expand or locate in the state, both directly and indirectly. We have several tools at our disposal to assist in continuing the extraordinary success our state has seen in economic development. We must work together to ensure that businesses and residents continue to have access to reliable and affordable power.

Closing

Ohio is open to all types of energy. Our competitive markets provide choices and opportunities for businesses to grow and thrive. It is my expectation we will continue to see economic growth benefits across the state, as long as we as a state provide an energy landscape that allows that to happen.

As the electric grid becomes more complex, so does every conversation around providing reliable service at just and reasonable rates. Again, I know that there are a number of new members who are part of this committee. For you new and veteran members alike, please know that as you contemplate revisions to Ohio's energy landscape, or if you simply have a question, the PUCO's staff offers itself as a resource.

In closing, and perhaps most importantly, I want to thank you for your time and attention today. Each day, we stand ready to carry out our mission of assuring all consumers access to adequate, safe and reliable utility services, and we do so at your guidance and at that of your colleagues in the Ohio General Assembly. Thank you for providing our statutory framework to serve Ohio.