

# Substitute SB 221 is an Important Step Forward

## Senate Energy and Public Utility Committee produces substitute bill: a good proposal is made better.

Members of the Senate Energy and Public Utilities Committee are faced with a big challenge: to produce an electricity restructuring plan that ensures that Ohio consumers have access to reliable and reasonably priced energy – and that protects jobs and strengthens the state's economy.

**The introduction of Substitute SB 221 confirms that committee members understand the crisis that Ohio faces if thoughtful, meaningful reform of electricity regulation is not achieved, and that they are willing to put their shoulders to the wheel to create a bold, reasonable response.**

Led by chairman Robert Schuler, committee members have unveiled proposed changes to Governor Ted Strickland's comprehensive energy bill. Following weeks of testimony from interested parties, and after lengthy negotiations with the governor and his staff, committee members have crafted a substitute bill designed to improve our economy by bringing the pricing certainty businesses need to plan and invest in Ohio, while protecting consumers from unjust and unreasonable rates.

Very simply, the Senate Energy and Public Utilities Committee has produced a better bill – **one that protects all consumers from unjust and unreasonable rates.**

Here are some of the key provisions of the new substitute bill:

**1** The generation component of electric rates paid by all customers, which is by far the largest part of their electric bill, will be **frozen at its January 1, 2008 level.** The state's utility companies have already agreed to these price levels.

What this means for consumers is that utility companies will be able to maintain their current levels of profitability **without any of the price spikes that have been felt by customers in Maryland, Illinois and other states that have moved to deregulation.**

**2** Beginning in 2009, utilities will be allowed to raise generation rates **only if they can demonstrate to the PUCO that their reasonable and prudent costs of providing service have increased.** These proceedings will be open to the public and the decisions that they generate will be grounded in a

fact-based, transparent, measurable and reviewable standard.

**3** The right of **all consumers** to shop competitively for generation service is maintained. **This gives utilities an incentive to keep their rates low and gives consumers an option if a competitive retail market eventually develops.**

**4** If a utility seeks to force market pricing on its consumers, it must then **pass a rigorous PUCO review process** and it must **forego favorable rate recovery mechanisms.**

**5** **The construction of new, advanced technology power plants designed to increase reliability is encouraged** by allowing utilities to begin billing consumers for the costs of such facilities after they are at least 75 percent complete. The proposal also includes recovery mechanisms for utilities to install environmental controls to keep existing coal fired generation units operable. Combining advanced technology generation and with the continued use of existing generation facilities helps Ohio in two ways: Ohio can continue to take advantage of the relatively cheap existing generation, and Ohio's air quality can be better managed lessening the burden on the rest of Ohio's industries.

**6** By 2025, 25 percent of the energy supplied by utilities must be from super-clean resources, and at least half of those resources must be from renewable sources like solar and wind. **The 25 percent requirement will be modified if the super-clean resources are substantially more expensive than traditional supplies.**

**7** Utilities are **required to implement energy efficiency and conservation measures** to reduce the future demand for electric power.

By actively managing Ohio's energy portfolio, while at the same time keeping market options available to customers, this proposal fairly balances the needs of utility shareholders and consumers. **Substitute SB 221 is a "win-win" solution that protects consumers against price volatility and service interruptions. It protects Ohio jobs and supports the state's future economic prosperity.**



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