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Diverse Coalition Supports Electric Consumer Protections of House Bill 247

Group says legislation addresses certain ratemaking provisions in current law that are anti-competitive and bad for electricity consumers and for Ohio's economy

(Columbus, OH): A diverse coalition of pro-competition consumer organizations announced its support for electric legislation (HB 247), sponsored by Rep. Mark Romanchuk, R-Ontario, which was introduced today in the Ohio General Assembly.

AARP Ohio (AARP), Northeast Ohio Public Energy Council (NOPEC), Office of the Ohio Consumers' Counsel (OCC), The Ohio Manufacturers' Association (OMA), and the Ohio Farm Bureau Federation (OFBF) jointly applauded the legislation, which they say will address anti-consumer provisions that date back to the implementation of Senate Bill 221 in 2008. That bill altered the regulatory structure under which Ohio's electric utilities operate, created new ratemaking provisions, and established policies to promote advanced and renewable energy.

"We applaud Representative Romanchuk for recognizing the need for consumer friendly legislation—AARP and its 1.5 million members across the State of Ohio will benefit from this legislation," said Trey Addison AARP Ohio Associate Director. "This bill will ensure that Ohio energy customers, especially those age 50-plus living on fixed incomes, are protected from unfair, above-market charges."

Ohio's transition to a competitive retail market for electricity generation has had success, and the benefits are well-documented. They include billions of dollars in savings for consumers, new natural gas-fired generation and more than adequate standby capacity to meet Ohio's peak needs. Nonetheless, certain ratemaking provisions in current law are anti-competitive and bad for consumers and for Ohio. HB 247 addresses the most anti-competitive and anti-consumer of these provisions.

"Lower electric prices in the competitive market should translate to lower electric bills for Ohio families and businesses," said Ohio Consumers' Counsel Bruce Weston. "But an obstacle to lower electric bills for Ohioans has been the 2008 energy law, which has favored utilities for rate increases with consumers paying more than the market price of electricity. The legislation introduced today is a major step toward consumer protection, by limiting the utilities' advantage in setting rates, by requiring refunds to consumers when utility charges are found to be improper and by relying on competitive markets more than monopolies for electricity."

Under current law, residential consumers in Ohio are paying higher electric rates than consumers in 33 states.

Rep. Romanchuk's bill solves three major problems for electric consumers:

1. HB 247 will eliminate “electric security plans” and reduce above-market charges for electricity. The electric security plans created in the 2008 law resulted in utilities charging customers above-market prices for electricity generation and favorable terms for utilities to obtain other rate increases. But Ohioans should be benefitting more from historically low prices for generation. Billions of dollars in customer savings from competition have been documented, and increased savings should result from the new legislation.
2. Presently, consumers have been denied millions of dollars in refunds when utility charges have been deemed unlawful by the Ohio Supreme Court. HB 247 will allow customers to obtain refunds of utility charges that have been collected from customers, if the Supreme Court of Ohio finds the charges to be improper.
3. Charges to consumers have resulted from the continuing relationship between monopoly utilities and their corporate affiliates that own power plants. HB 247 will clarify in the law that utilities and their affiliate organizations cannot own generation and, therefore, cannot layer generation-related charges on consumers’ electric bills.

“Manufacturers, like other energy-intensive businesses, rely on affordable, reliable electricity,” said Eric Burkland, president of the Ohio Manufacturers’ Association. “Enactment of HB 247 will help protect manufacturers from unwarranted, anti-competitive, above-market charges imposed by electric utilities. The major provisions of HB 247 will help protect the billions of dollars of savings that customers have realized thanks to Ohio’s competitive market for electricity. Continued savings will spur economic growth, attract new business investment from manufacturers, and benefit the communities where they operate.”

The major provisions of HB 247 will undo anti-consumer ratemaking provisions contained in the 2008 law (SB 221) by eliminating structures that work against consumer and market interests.

“Ohio Farm Bureau applauds Representative Romanchuk for introducing a consumer savings bill, and we are happy to support the bill throughout the legislative process on behalf of our members,” said Adam Sharp, executive vice president of the Ohio Farm Bureau Federation.

"Rep. Romanchuk is standing up for millions of Ohio consumers and small business owners with this legislation," said Chuck Keiper, executive director of NOPEC. "We stand with him in these efforts to let the free market work, saving Ohioans billions of dollars by giving them the freedom of energy choice."

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