



Electricity Forecast Integrity Act

Electric utilities are submitting overly aggressive load projections to grid operator PJM, driven by financial incentives to overbuild infrastructure. PJM generally accepts these forecasts with limited scrutiny.

Inflated forecasts raise electricity prices and overstate the need for new transmission investments and new generation that may not actually be needed. Customers ultimately pay the price, as recent PJM auctions produced record-high costs for businesses and households.

Ohio needs stronger oversight and more realistic forecasting to prevent unnecessary spending and protect customers from rising electricity costs. Independent verification of utility load forecasting is essential to hold utilities accountable.

Forthcoming legislation will help protect customers by providing necessary updates to Ohio law. The Electricity Forecast Integrity Act will do the following:

1. Strengthen load forecasting reporting requirements for the utilities to increase transparency and accountability;
2. Require an independent 3rd party to analyze the utilities' data and produce its own load forecast for each Ohio utility, which will provide an alternative forecast to verify the utilities' load forecasts and assist the Public Utilities Commission of Ohio (PUCO) in its approval process;
3. Create a process where stakeholders can review and challenge the two reports and underlying data for each utility;
4. Require a public hearing be held on the reports, increasing transparency and accountability, and encouraging the accuracy of the utilities' forecasts; and,
5. Strengthen the PUCO approval process, requiring the PUCO to consider the two load forecasts and adopt the most reasonable and accurate forecast or a modified forecast prior to authorizing the utility to submit the approved forecast to the regional transmission organization, PJM.

These additional safeguards will encourage more accurate forecasting to prevent utilities from overbuilding or gold-plating transmission facilities that are not needed and will send the proper market signals to new generators. Avoiding these unnecessary investments lowers electricity rates, prevents inflated PJM market prices, and reduces the risk of stranded assets that will otherwise be paid for by customers.