



Stein Lays Out Public Utilities Charter, Hears from AEP Ohio, Electric Co-ops

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The House Public Utilities Committee presented a lesson in contrasts Wednesday as American Electric Power (AEP) of Ohio revealed plans to more-than double the megawatt output of the state-regulated, investor-owned monopoly in 10 years. Ohio Electric Cooperatives (OEC), meanwhile, described a unique business model at the self-regulated, member-owned nonprofit that refunds surplus rates to consumers -- an issue yet to be resolved in Ohio for electric distribution utilities (EDU) like AEP.

AEP Ohio and OEC/Buckeye Power delivered informal testimony on the electric industry at the invitation of Chairman Dick Stein (R-Norwalk), who described the committee's charter at its first, organizational meeting of the year.

"Our task is large, and it will require you, to the extent you are willing, to become energy experts," he told committee members, noting the utility industry impacts all Ohioans.

"From the corporate juggernaut to the family who can barely make ends meet, we are here to help assure them that we will keep the lights on," Stein said. "Utility cost for both corporate and individuals must be balanced to provide best-in-class service while building the infrastructure of tomorrow."

He cited not only reliability and sustainability but also the "cost-effectiveness" of EDUs and electric generators as major committee concerns, along with "affordability and growth" in natural gas, pipeline transmission and water treatment.

President and Chief Operating Officer (COO) Marc Reitter of AEP Ohio framed his comments by citing the utility's massive footprint -- 1.5 million customers covering 10,000 square miles in 61 counties. He said the EDU defines its mission as providing "safe and reliable" power to 1,000 communities around the state. He acknowledged that, under corporate separation laws governing Ohio utilities, AEP Inc. does not own or operate generation facilities. That falls instead to AEP Generating Co.

“We recognize that the interoperability of the grid is changing, driven by technology and customer uses. Our aim is to anticipate customer needs and deliver solutions,” Reitter said. “We’ll do that by using new technology, such as smart meters, circuit automation and ‘islanding’ capabilities to improve how we deliver electricity to your home.”

He said AEP Ohio is preparing to invest more than \$4.7 billion to meet exponential customer growth.

“It’ll provide two-way communication between your house and our control systems, so we always know when you’re having issues with your power, and we’ll be able to proactively help you better manage your energy usage and costs,” Reitter said.

He predicted AEP Ohio consumption would increase from 9 gigawatts (GW) at present to 20 GW by 2033 to accommodate population growth as well as Intel, Facebook and Google site developments and additional supply-chain build-out around the state, forecasting lower electric prices for all due to economies of scale.

“You’re spreading those costs over more kilowatt hours,” Reitter explained.

Rep. Adam Holmes (R-Nashport) asked about grid infrastructure needed to service an expected growth in electric vehicles (EV). Reitter said AEP believes EV adoption will be “more gradual” than the proliferation of motorized clothes driers in the 1950s.

Stein asked for the EDU’s projected percentage of “variable,” renewable load in the next 10 years versus “thermal,” base load.

“How do we put more value on thermal generation ... to meet the necessity of 24/7 service?” he said.

Reitter did not answer the renewable question directly but said AEP Ohio expects to add considerable base load.

Rep. Adam Miller (D-Columbus) compared notes on workforce needs. Reitter said he had just met with Columbus State Community College about needed training programs, and that AEP Ohio’s challenge will be not only finding but retaining skilled workers. Miller pointed to Washington Democrats’ call for a renewable “grid of the future.”

“Clearly, the generation is going to have to be there,” Reitter allowed, once again bypassing solar and wind energy as topics of discussion.

He instead called for a “strong transmission backbone” and distribution grid “hardened” against severe weather, recalling Ohio’s major storm outages of May 2022.

“We get it,” Reitter said of widespread questions about the EDU’s vegetation management. “It’s important to maintain the clearance of those rights-of-way.”

He noted, however, that vegetation management on that scale comes with attendant costs.

Government Affairs Director Marc Armstrong of OEC, which is supplied entirely by Buckeye Power, said the 80-year-old cooperative supports 25 individual co-ops that provide electricity at cost to roughly one million Ohioans in 77 counties and is “vertically integrated,” meaning it generates, transmits and distributes power to all customers like the monopoly utilities of old. Buckeye Power joined OEC in the 1950s on the generation side.

“Its focus is providing reliable, affordable electricity to member co-ops. Buckeye owns or has the right to purchase power from a diverse portfolio of base load and peaking electric generating facilities, outfitted with best-in-class environmental controls,” he said, the latter referring to retrofitted coal scrubbers.

Since they are not publicly traded, Armstrong said the co-ops are governed by member-elected trustees rather than the Public Utilities Commission of Ohio (PUCO). He called OEC membership “open,” “voluntary” and “democratic,” with members controlling their own capital and maintaining independence from their local EDUs.

Armstrong said annual consumer refunds reached \$39 million in 2021, in addition to money directed back into members communities when customers round up their bill to the nearest dollar.

OEC’s workforce needs are met by its Central Ohio Line-worker Training (COLT) center in Mt. Gilead, which he called a “one-of-a-kind” facility with permanently mounted, energized workstations, live underground distribution systems and 19 climbing poles under its roof and 50 outdoor electrical poles on the 16-acre complex.

“Three full-time instructors provide elite classroom and hands-on training to nearly 200 apprentice and journeyman line-workers each year,” Armstrong said.

He told Stein Buckeye Power generates more than enough megawatts to meet OEC’s needs for the foreseeable future. He added that a growing need for EV charging stations presents other problems.

“If we keep plugging more things into the grid, we keep having more generation assets offline,” he observed.

Rep. Bill Seitz (R-Cincinnati) wondered whether Buckeye Power could build more generating plants and sell electricity to non-members, including beyond Ohio. Armstrong said they could but have no plans to do so.

To remain competitive in 10-15 years, he told Miller, OEC should continue operating its three coal-fired plants. They generate 90 percent of its baseload, with the rest provided by natural gas, solar, biogas, methane gas and hydropower, “allowing for reliable, affordable, environmentally responsible power delivery to our member cooperatives,” he said.

Stein asked how long the three coal plants would remain viable.

“We have no closure date for the units Buckeye Power operates and owns. Right now, they’re very economically viable -- they’re in great shape,” Armstrong said, acknowledging that Biden administration policies had raised questions about future environmental compliance.

Stein told members he planned to continue informational hearings over the next several weeks, scheduling testimony from Duke Energy, PJM Interconnection, PUCO, AES Ohio and American Municipal Power (AMP).

After committee, he said the Office of Ohio Consumers’ Counsel (OCC) was not among those presenters, but that OCC could be heard from later “if they have a topic that’s helpful to the committee.”

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