Top Ohio Republicans quietly crafting a new plan for 'more energy creation'

By Jake Zuckerman Cleveland.com

COLUMBUS, Ohio — The 136th General Assembly hasn't yet begun, but already a major energy policy overhaul is in the works.

While the specifics remain elusive, several around Capitol Square say the current Senate President Matt Huffman, who will soon become the first to swing from that job straight into becoming House Speaker, and his successor-elect, Sen. Rob McColley, are in charge of negotiations. Together, they're two of the three most powerful Republicans in state government.

Huffman late last year refused to share details but said he has been working for months on what he called a "comprehensive plan for more energy creation."

Talk of an energy bill comes amid projections of massive surges in energy demand, driven in part by the proliferation of data centers in the state, development of a megafactory from Intel outside Columbus, and the retirement of a spate of coal plants. A recent auction at PJM, the regional grid operator, reached <u>record high</u> prices soon to hit customers' bills.

The looming legislative energy overhaul already has caused collateral damage, at least in the eyes of one Republican senator. GOP Senate leadership pulled a scheduled vote on a bill backed by the solar industry that would allow for certain generation projects on landfills and brownfields. State Sen. Matt Dolan, its Republican sponsor, blamed McColley, citing the mysterious 2025 energy bill.

McColley didn't respond to multple interview requests over the course of a week. Huffman offered only vague remarks.

"I've told a lot of people that we need to change the focus about how we provide energy," he said late last month as lawmakers wrapped up the two-year legislative session. "We're frankly going to run out of energy. If we're going to have data centers, and Intel, and these enormous power users, in the state of Ohio, which I

think most of us want, that cannot interrupt the flow of electrons into the flow of everyone's refrigerator."

While the new legislative session hasn't even technically started, Dolan blamed it for killing his bill, which <u>died in the Senate last month at the same time as an energy efficiency bill that had already passed the House</u>. Both were scheduled for highly anticipated committee votes on the last working day of the two-year session.

The <u>first</u> would have allowed midsized energy buyers to build "distributed generation" — either solar farms, natural gas plants or certain others — at brownfield (abandoned industrial or business) sites or landfills. Ohio's major utilities, sensing a business threat, opposed the idea.

According to Dolan, a retiring Chagrin Falls Republican, he had nine yes votes lined up in committee versus just three no votes. But McColley, he said, killed the vote to protect the chances of his 2025 energy bill. Dolan's legislation still required approval from the House, which was possible but unlikely.

"I was disappointed, despite it having nine affirmative votes, that it's being pulled because of some energy bill next term," Dolan said in an interview.

The second bill would have reinstated "energy efficiency" operations in Ohio, in which Ohioans pay add-on fees on electric bills to entice utility companies to administer rebate and weatherization programs to decrease customers' net electricity use by 0.5% each year. The House passed the bill and Senate passage would have sent it to Gov. Mike DeWine.

Huffman said the measure lacked support and that "we're going to start turning toward other solutions to provide energy and energy policy than taking money from ratepayers." Rob Kelter, a lobbyist with the Environmental Law and Policy Center, said he doesn't know what killed the energy efficiency bill but he hopes lawmakers reconsider.

"We've heard rumors about an omnibus bill in the works but don't have any details," he said. "We hope that it will address the inequitable way the utilities add riders to customers bills to pay for new projects without determining whether they can pay for those projects with their current stream of revenues."

His comments point toward legislation introduced by state Sen. Shane Wilkin, a Highland County Republican, that would limit the use of "riders" that give utilities permission to charge customers hundreds of millions for individual capital projects

without the scrutiny of a full rate review. Wilkin said in December he hadn't heard anything about his bill in negotiations for 2025.

From there, it's only rumors about what might be coming.

Sen. Bill DeMora, a Columbus Democrat who will lead Democrats on the Senate Utilities Committee this year, said he heard secondhand last session that McColley said "we're not doing any of it and we're going to have one big bill."

Mike Wise, an oil and gas lobbyist who supported Dolan's bill, said he heard about a "major energy initiative," perhaps passing in the state budget, but had no further details.

Nolan Rutschilling, of the Ohio Environmental Council, said he heard the bill will focus on expanding natural gas under the guise of grid "reliability." He expects this, paired with some permitting reforms, and perhaps a change that would allow data centers (major electricity users) to generate their own electricity via an in-house natural gas plant for private use.

While potentially unrelated, Todd Snitchler — an oil and gas attorney and former state utility regulator — together with veteran Republican spokesman Rob Nichols have been mounting a lobbying campaign against what they say is a looming plan to "reregulate" Ohio's utilities. Since the early 2000s, Ohio and many other states forced energy generators to sell power in the competitive market, instead of the ratepayer-backed return on investment of a regulated system. Neither Snitchler nor Nichols have specified who is pushing to reregulate, but they insist doing so would erase massive consumer savings unlocked by deregulation.

Ohio's most recent major energy bill fared infamously poorly. In 2019, lawmakers passed legislation that bailed out two nuclear plants in Ohio owned at the time by a FirstEnergy subsidiary, provided a new income stream for FirstEnergy worth up to \$50 million per year, bailed out two coal plants owned in large part by three other utility companies in Ohio, and gutted Ohio's energy efficiency and renewable energy requirements. Its legislative champion, ex-House Speaker Larry Householder, is now serving a 20-year prison sentence for taking bribes from FirstEnergy in exchange for its passage. Others have been convicted or await trial in the scandal. Lawmakers subsequently repealed the FirstEnergy-specific provisions but left the rest intact.

While Democrats and some Republicans have sought for years to repeal the coal plant bailout, which runs through 2030 and could total an estimated \$700 million, Huffman indicated this is unlikely.

"The plants were funded based on a certain premise many, many moons ago, and if those premises are still true, then we should continue to do that. And if not, then we shouldn't," he said. "And I don't know that we've now discovered a new path forward, or a reason why those should be shut down."

Tom Bullock, executive director of the Ohio Citizens Utility Board, a consumer advocacy nonprofit, said he too has heard rumors about an energy bill. But the final actions of the last general assembly, he said, are a cautionary tale. Lawmakers killed an energy efficiency bill, built to reduce demand, and an energy generation bill, built to increase supply. If the goal is to reduce prices, he said, we're moving the wrong direction.

"If Ohio ignores price and affordability, we're going to see a backsliding on cost," he said. "That won't serve consumers."