

STATE OF OHIO
Executive Department

OFFICE OF THE GOVERNOR

Columbus

VETO MESSAGE

**STATEMENT OF THE REASONS FOR THE VETO OF
SUBSTITUTE HOUSE BILL 173**

June 24, 2026

Pursuant to Article II, Section 16, of the Ohio Constitution, which states that the Governor may disapprove of any bill, I hereby disapprove of Substitute House Bill 173 and set forth the following reasons for so doing as this veto is in the public interest.

The Supreme Court of Ohio has recently held that submetering companies, which buy and resell electricity at a profit, are public utilities regulated by the Public Utilities Commission of Ohio. Substitute House Bill 173 would exempt submetering companies from the definition of a public utility, although the Public Utilities Commission would still retain oversight authority. However, while this bill does contain some consumer protections, they are not as robust as those afforded to customers of Ohio's electric utilities.

I commend the Legislature on the work done on this bill. They included provisions to protect consumers. However, the submetering model, itself, is fundamentally flawed.

Specifically, under Substitute House Bill 173, submetering customers would not be able to choose their own provider of retail electric generation service. Since 2001, consumers of electric distribution utilities in Ohio have had the ability to shop for generation service, resulting in a competitive retail market for electric generation in Ohio. Many Ohioans have taken advantage of this market to choose their own generation supplier. These Ohioans who are in submetering situations should have the right to choose their own electricity generation supplier.

In addition, under this bill, customers served by submetering companies would be unable to participate in the Percentage of Income Payment Programs (PIPP) offered by Ohio's electric utilities. The PIPP programs offer critical financial support for the neediest Ohioans to maintain their electric service. Substitute House Bill 173 would not permit these Ohioans to participate in PIPP or in a similar customer assistance program.

Further, Substitute House Bill 173 would permit submetering companies to charge tenants for electric service provided to common areas, such as hallways, community rooms, and outdoor

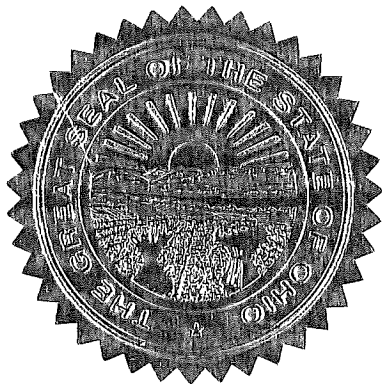
lighting. As a consumer protection principle, tenants should only be individually billed for the electric service usage for which they are individually responsible. Responsible renters shop and price compare properties based upon published rents, which consumers expect to include common charges. The cost of electric service for common areas should not be collected through a separate electric assessment, as that would make rent prices less transparent at submetering properties, which is bad for consumers comparing properties.

Even without Substitute House Bill 173, a more traditional submetering model could continue in Ohio in ways that do not harm consumers. That traditional model, that is still widely used, has the property owner or a third-party billing company calculating the utility cost based on both actual usage and local utility rates and then issuing a bill to the tenant. For that work, the third-party billing company is paid a fee by the property owner. The billing company does not buy the electricity at wholesale price and sell it at retail price.

Therefore, traditional submetering companies that do not buy and resell electricity, do not set the price of electricity or profit from the difference between the wholesale and retail electric rates, and do not bill and indirectly charge tenants for the cost of providing electricity throughout an apartment building or complex, would be allowed to submeter in the future to the benefit of landlords and tenants, alike. However, submetering companies that purchase and resell electricity at a profit would continue to be public utilities subject to all Ohio laws governing electric utilities.

If this bill became law, Ohio, for the first time, would be legitimizing and legalizing this flawed submetering model. Therefore, this veto is in the public interest.

Therefore, this veto is in public interest



IN WITNESS WHEREOF, I have
hereunto subscribed my name and
caused the Great Seal of the State of
Ohio to be affixed at Columbus this
24th day of June, Two Thousand
Twenty-Six.


Mike DeWine, Governor

This will acknowledge the receipt of a copy of this veto message of Substitute House Bill 173 that was disapproved by Governor Mike DeWine on June 24, 2026.

Chris Lagana, Assistant
Name and Title of Officer Clerk

6-24-26 9:54pm
Date and Time of Receipt