



Testimony of Harrison T. Godfrey

Manager, State Government Affairs (East) - Invenergy

Opposition Testimony for Ohio House Bill 554

11/30/2016

Chairman Dovilla, Vice Chairwoman Roegner, Ranking Member Ashford, and Members of the Ohio House Public Utilities Committee, thank you for the opportunity to testify today. I am here to testify in opposition to House Bill 554.

My name is Harry Godfrey. I handle regional state government affairs for Invenergy, an independent power producer. At Invenergy we develop, own, and operate utility-scale wind, solar, and natural gas generation projects, as well as large-scale battery storage facilities. Over the course of our 15 year history we have successfully developed over 94 projects, totaling more than 13,700 megawatts. That's enough generation to power over 1.9 million homes, more than all of the homes in Cuyahoga, Franklin, Summit, Lucas, and Montgomery counties combined.

Over the better part of the past decade, our team of developers, land agents, and engineers have been working to develop wind and solar projects throughout the Buckeye state. The process of developing a utility-scale project takes years and millions of dollars – it's a business risk – so we approach the decision of where to develop very carefully.

Invenergy made the decision to develop in Ohio due in part to the clear market signal put forward by elected leaders in this Assembly. In 2008, the Republicans and Democrats here in the General Assembly passed the state's Renewable Portfolio Standard (RPS) with broad bipartisan majorities. Enactment of the RPS told developers like us that Ohio was "open for business", that when we completed the costly and time-consuming process of development, there would be a buyer, or off-taker in industry terms, for our electricity.

In the intervening years we have invested significant time and money in developing projects in Ohio – especially in Hardin County. We recently broke ground on a wind project that could generate upwards of 300 MW of power. Once in operation, this project will generate over one million dollars in new revenue for county government and local schools, approximately 10 good paying, full-time jobs, and over one million dollars in annual landowner payments.

We want to develop more projects like Hardin, but the two-year RPS freeze injected uncertainty into the marketplace. Is Ohio still open to businesses like ours? The answer we are hearing from HB 554 (and SB 320) is "probably not". Replacing the RPS targets with goals through 2020 effectively extends the freeze for the next three years. Without binding targets and penalties for non-compliance, we cannot be certain Ohio's advanced energy market will grow and thrive.

Moreover, HB 554 does nothing to address the onerous wind turbine setback requirements, imposed two years ago, which have effectively squelched wind development in this state. At Invenergy, we are committed to the health and safety of our staff, landowners, and the

Invenergy

communities in which we operate. We welcome reasonable setback requirements, but these far exceed what's needed – tying up projects in unnecessary red tape. The only reason we may be able to fully build our Hardin project is that our plans pre-date those requirements. Even there the setback requirements are problematic, as they prevent us from making even the slightest modification to accommodate changing technology or landowner preferences.

Invenergy developers are at work in almost every state across the country. We want develop, own, and operate projects in Ohio. But if the Buckeye state is closed to business, we will invest our time and energy elsewhere, such as neighboring Pennsylvania or Michigan. It's worth noting, the Michigan legislature just voted to *increase* the state's renewable portfolio standards.

While foregoing work in Ohio would be a loss to us, the biggest losers from HB 554 will be the residents and ratepayers of the Buckeye state. Here are just three reasons why:

- First, as our work in Hardin illustrates, energy development can be a substantial boon to local communities. Operations and maintenance positions at wind and solar farms mean good-paying jobs for those without a four-year degree. Millions in recurring revenue can bolster county budgets, helping local leaders support schools and avoid tax increases. And annual payments to local landowners can mean the difference between keeping the family farm through lean years and selling it.
- Second, the cost of wind and solar power has been declining rapidly year after year. In many parts of the US they are increasing competitive with conventional forms of generation. The federal Production Tax Credit (PTC) and Investment Tax Credit (ITC) have helped to lower prices further still. But they are scheduled to phase out by 2021. As a result, continuing the freeze on renewable development through 2020, as HB 554 threatens to do, means forgoing millions in savings from the PTC and ITC that would otherwise be passed along to Ohio consumers.
- Third, energy markets encourage investment in whatever resource happens to be cheapest at that moment. They can discourage investment in a diverse portfolio of generation resources – just the sort of “all of the above” approach many here have advocated. A viable RPS helps to address this market failure, encouraging energy diversity and protecting Ohio ratepayers from the risks of fuel price volatility and stranded assets.

We agree with Governor Kasich, advanced energy and energy efficiency are a boon to Ohio. We support his call to reinstate meaningful standards. As this testimony has shown, restoration of meaningful standards isn't just good business, it's an economic benefit to the residents and ratepayers of Ohio. Please reject HB 554. Working together, I'm confident we can find new ways to grow Ohio's economy and produce energy in an efficient, cost-effective manner.

I appreciate your time and consideration today. I welcome any questions the committee may have.