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Testimony of DOUGLAS W. HERR

AEROTORQUE CORPORATION

Opposition Testimony for Ohio House Bill 554

11/29/16

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.

AeroTorque Corporation, and its sister company PT Tech, are Ohio based employee-owned companies. Located in Sharon Center, OH, we are 70+ owners that utilize the fantastic manufacturing resources of Ohio to assemble and ship industrial clutches and brakes around the world. We have sales offices in Europe and in China but all of our manufacturing is done in OH, as it has been since 1978.

Over the last two years, we've shipped our products to projects in states such as Iowa, Wyoming, and Oklahoma, while in-state wind development has stalled. It is hard to continue to add jobs in OH, when all our business is elsewhere.

Our company would prefer to put our wind product and expertise to use in our home state, but without a change to the setback law, that will be impossible. We've watched as other in-state renewable manufacturers are similarly shipping an ever-increasing amount of their product to clients developing projects in other states but little in OH.

Put simply, when it comes to renewable development, local wind and solar resources do matter, but stable governmental policy is often the distinguishing feature that determines which states are renewable-energy leaders.

Iowa, for instance, is a state in which our team spends a lot of time. It became the first state in the nation to institute a renewable standard in 1983 and has never looked back. This year alone, Iowa's utilities have announced new projects totaling 3 GW of wind power. That is more than seven times what Ohio has installed in six years!

This year, Iowa will generate more than 30 percent of electricity from wind, and is home to important wind manufacturers such as TPI Composites and Siemens, which employ thousands of local workers.



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The bill, as proposed is seen by the market as an extension of the Freeze imposed in 2014. It has been two years since the legislature froze the state's renewable-energy standard and more than doubled the setback requirements for wind power projects. In that time, the U.S. wind and solar sectors have experienced an unprecedented boom in nearby states and around the country. Both the wind and solar sectors have also cut costs so dramatically that they are now often the lowest-priced electricity option on the grid. The opportunity has a limited window: part of the incentive is the Federal PTC. If we miss out, they will all be built in surrounding states and Ohio will only be buying their power from out of state.

In Ohio, we now have the nation's most stringent wind-power setback restrictions, effectively imposing a moratorium on in-state development and virtually ensuring that any future wind purchases will come from projects in other states. This is a lose-lose proposition for OH. The wind jobs will come but they will be all outside the state. Worse yet, manufacturing will likely move with it, going to be where the business drive it.

Our state already has a great base of renewable manufacturers, but by fixing our policies and providing long-term policy stability, we can ensure that these businesses will continue to grow locally and potentially attract others as well. As we invest in these markets, will the state invest with us? We come, not looking for funding but only asking for a playing field that is on par with the rest of the country. For us to continue to invest in OH, it is essential!

We, the employee owners of AeroTorque and PT Tech urge you to oppose this legislation and reinstate the RPS and energy efficiency standards. I appreciate your time and consideration today. I welcome any questions the committee may have.