

WITNESS INFORMATION FORM

PLEASE COMPLETE THE WITNESS INFORMATION FORM BEFORE TESTIFYING

DATE: 3-20-17

NAME: Eric Thumma

ORGANIZATION: Avangrid Renewables, LLC
(IF APPLICABLE)

POSITION/TITLE: Director of Policy & regulatory Affairs

ADDRESS: 1125 NW Couch Street Suite 700

CITY: Portland STATE: OR ZIP: 97209

TELEPHONE: 484-680-9085

ARE YOU REPRESENTING: YOURSELF _____ ORGANIZATION

DO YOU WISH TO TESTIFY ON
LEGISLATION (BILL NUMBER): HB 14
SPECIFIC ISSUE: _____
SUBJECT MATTER: _____

DO YOU FAVOR _____ OR OPPOSE THE ENACTMENT OF LEGISLATION REGARDING THIS ISSUE?

PLEASE GIVE A BRIEF STATEMENT OF THE GROUNDS ON WHICH YOU FAVOR OR OPPOSE SUCH ENACTMENT: Devastate wind development in the state of Ohio.

WILL YOU HAVE A WRITTEN STATEMENT, VISUAL AIDS, OR OTHER MATERIAL TO DISTRIBUTE?

YES NO _____

(IF YES, PLEASE PROVIDE COPIES TO THE CHAIRMAN OR SECRETARY)

HOW MUCH TIME WILL YOUR TESTIMONY REQUIRE? written-only

**House Public Utilities Committee
Written Testimony of Eric Thumma
Director of Policy and Regulatory Affairs
Avangrid Renewables, LLC**

March 20, 2017

Opponent Testimony on House Bill 114

Chairman Seitz, Vice-Chairman Carfagna, Ranking Member Ashford and members of the committee, thank you for the opportunity to present written testimony on House Bill 114. Avangrid Renewables LLC (formerly Iberdrola Renewables LLC) is the nation's second largest owner and operator of commercial scale wind farms, including Ohio's largest wind farm, Blue Creek, in Van Wert and Paulding counties. Avangrid Renewables is also developing commercial-scale solar facilities across the country. For the reasons described below, Avangrid Renewables respectfully requests members vote "no" on House Bill 114.

Globally, renewables represent the technology of the future as countries push to meet their energy needs through plentiful, clean, and increasingly affordable energy resources. In 2015 half of the world's new power capacity was from renewables.¹ While global investments in renewables trailed 2015's record year, renewable generation accounted for the majority of 2016 capacity additions in the United States. According to the Energy Information Administration for the third consecutive year more than half of new capacity additions are renewable technologies, especially wind and solar.²

This growth has been fueled by rapidly declining prices for renewable energy. As the following chart shows, wind energy has never been cheaper. In 2014, the last year for which we have full data,

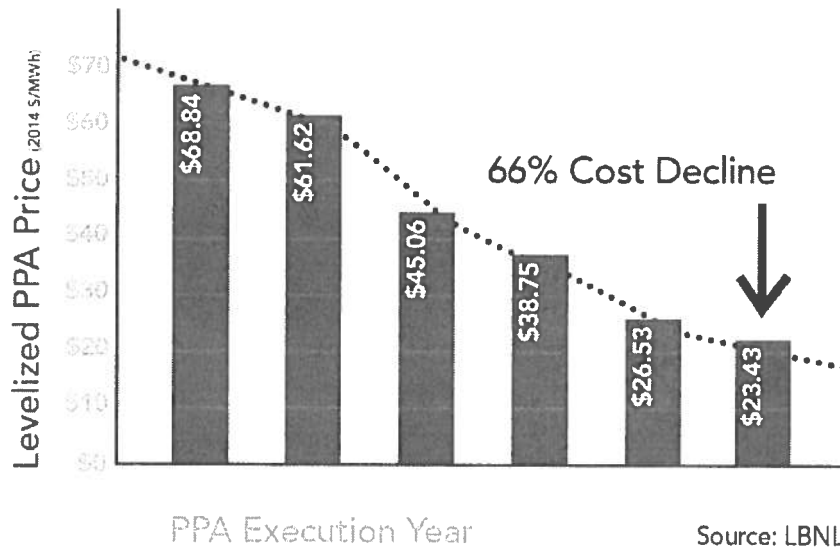
¹ <https://www.iea.org/newsroom/news/2016/october/iea-raises-its-five-year-renewable-growth-forecast-as-2015-marks-record-year.html>

² <https://www.eia.gov/todayinenergy/detail.php?id=29492>

the average cost of wind energy nationally (with the federal production tax credit) was \$23.43. To be clear these are average national prices so we would expect prices for an Ohio wind farm to be somewhat higher. But, for context, compare the falling price of wind energy to the average day-ahead energy price in PJM (the power grid and wholesale market which serves Ohio). In 2013, the average day-ahead energy price was \$38.66 per MWh. In 2014 the price increased to \$53.14 per MWh,³ before falling back to \$36.16 per MWh in 2015.⁴

Wind energy is on sale: 66% off

FALLING PRICE OF WIND ENERGY



Across the United States, Renewable Portfolio Standards, which mandate that load-serving entities purchase a certain, usually increasing, percentage of their electricity supply from eligible renewable energy sources have proven to be an effective policy to encourage competitively supplied renewable energy investments. While the concept of renewable energy mandates has raised concerns

³ http://www.monitoringanalytics.com/reports/Market_Messages/Messages/2014-som-pjm-press-release.pdf

⁴ http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2015/2015-som-pjm-volume2.pdf p. 1.

it is the case that even mandated renewable energy investments have faced far more competitive pressures than historic conventional forms of electricity generation.

Power Plant Type	Capital Costs	Fuel and O&M Costs	Capital Cost Recovery	Fuel and O&M Cost Recovery
Existing Coal Plants	High	Low-Moderate-High	Government Rate of Return	PJM Energy Market
Existing Nuclear Plants	Highest	Low	Government Rate of Return	PJM Energy Market
Existing Gas Plants	Moderate	Moderate-High	Government Rate of Return	PJM Energy Market
New Gas Plants	Lowest	Low	PJM Capacity Market	PJM Energy Market
New Wind Farms	High	Lowest	PJM Energy Market/Govt. Incentives	PJM Energy Market

Since the adoption of Ohio’s Alternative Energy Portfolio Standard in 2008 there has been uncertainty as to the direction of the state’s renewable energy policy as each year revisions, significant changes, or repeal efforts have been introduced by the legislature. In order to take full advantage of the benefits of renewable energy it is imperative that Ohio adopt a durable renewable energy policy that enables stakeholders to plan for the state’s energy future. HB 114 does not achieve this objective.

The provisions of HB 114 which make the renewable energy targets voluntary and enable customers to entirely opt-out of the targets make the bill’s implementation impossibly complex. To efficiently meet RPS targets it is essential that load-serving entities are able to plan for the future with

certainty and recover their costs. The opt-out provisions make this impossible since load-servers will not know from one year to the next how big their renewables targets are or what percentage of their load will have opted-out of the standards. This will make it impossible for load servers to plan long-term. As a result, load-servers will be forced to meet their renewable energy obligations by relying solely on volatile spot market renewable energy certificate purchases, potentially raising prices well above what they would be if load servers could plan for future targets and customer load. Cost-recovery may prove a challenge for load servers as well. Competitive suppliers will have to re-price their products based on their number of opt-out customers which could change from year to year. Utilities will be reliant on PUCO approving cost-recovery to meet the voluntary standard (in Virginia, the Corporation Commission on one occasion rejected an incumbent utility's request for cost recovery related to renewable energy purchases to help meet that state's voluntary renewable portfolio standard).

For the reasons cited, Avangrid Renewable respectfully requests that members vote "no" on HB 114. Avangrid Renewables thanks the committee for the opportunity to provide this written testimony.

Respectfully Submitted,



Eric Thumma

Director, Policy and Regulatory Affairs

Avangrid Renewables, LLC