

Remarks of Dave Griffing
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Energy and Natural Resources Committee
Ohio House of Representatives
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Chairman Vitale, Vice Chairman Kick, Ranking Member Denson and distinguished Members of the Committee, thank you for inviting me to speak before you today. I am Dave Griffing, Vice President of Government Affairs for FirstEnergy Solutions.

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FirstEnergy Solutions supports Substitute House Bill 6. Through this piece of legislation, Ohio can position itself as a leader in the clean energy economy. HB 6 will foster innovation in new technologies, create and preserve important clean energy jobs, and encourage a diverse, clean, and resilient electric generation fleet in Ohio.

I want to start my remarks today by setting the record straight on a few things. Many opponents to Substitute HB 6 have spoken about preserving a so-called “free market” for electricity, where the most innovative and cost-effective technologies win the day. To these critics, any thumb on the scale from government will distort the markets and discourage investment in the industry. These types of arguments simply do not represent an honest appraisal of where we are today. The reality is

that, to achieve a truly free market, we would need to unwind about a century of federal, state, and local government policies that have shaped the resource mix we have today.

Let's take a step back. Most of the electric generators in Ohio participate in a wholesale market called PJM, which is regulated by FERC. Based near Philadelphia, the regulators at PJM decide which power sources are asked to run in Ohio and what they get paid. Generators offer their units into the market based on their short-term variable cost, and PJM ranks them from lowest to highest price. The market price is then set by the most expensive plant needed to meet demand.

That sounds fair enough, but it's important to consider what goes into that short-run variable cost figure—and what does not. Embedded in that cost figure are decades and decades of federal and state energy policies that have influenced the price of fuels and technologies used to produce electricity. Since 1950, the federal government has provided approximately \$1 trillion in energy subsidies, with roughly two-thirds of those dollars flowing to fossil fuel technologies. The Department of Energy spent \$24 billion on fossil fuel research alone between 1978 and 2007. In recent years, the government has provided significant financial support to the renewable energy industry in the form of the production tax credit,

the investment tax credit, and renewable portfolio mandates. Reasonable people can agree to disagree on the merits of these various state and federal policies, but no one can claim credibly that HB 6 would now interfere with an otherwise free market. The government has had its thumb on the scale since the beginning. Those that have historically benefitted from these policies are now unhappy with the idea of a more level playing field going forward.

It is also important to consider what does *not* get considered when the State delegates its Energy Policy formation to PJM which is based solely on selecting the “cheapest” generators in the wholesale market. PJM does not consider whether the selected plants negatively impact air quality in Ohio or anywhere else. It does not account for whether power plants add harmful carbon pollution into the atmosphere. Generators that emit pollutants therefore enjoy the luxury of having their pollution costs subsidized by all citizens. They do not have to factor these costs into their PJM market offers, which in turn makes non-emitting sources, like nuclear, wind, and solar, appear more expensive.

PJM’s singular focus on short-run marginal cost places all zero emission resources at a disadvantage. Without a recognition of, and compensation for, their environmental benefits, many of these facilities will be lost permanently and two

things will happen: harmful emissions will go up and thousands of well-paying jobs will cease to exist.

That doesn't have to happen. Participating in PJM does not mean Ohio must relinquish the authority to shape its resource mix. Indeed, Ohio continues to have a responsibility to consider what is best for its citizens. HB 6 does just that. It gives legislators the tools to implement a comprehensive energy policy that values attributes like clean air and diversity that are important to the citizens of Ohio but PJM currently ignores. It provides funding for new development in clean energy technologies in the state while preserving our existing clean energy sources. And it encourages a diverse generation fleet that is not overly reliant on a single fuel source.

The latest version of the bill includes important revisions that clarify the bill's "all-of-the-above" clean energy approach. All zero-carbon resources—including wind, solar, nuclear, and others—are eligible to participate and earn credits that value their zero-emission attributes. Among other things, the substitute bill expands eligibility to include small wind facilities under 5 MW and removes what could have been interpreted as restrictions based on the location of a facility's meter and other qualifying criteria.

Substitute HB 6 also provides more savings to customers. The revised bill phases in the full cost of the program, thereby lowering costs in the first year, and reduces the price of clean air credits to \$9.00 (from \$9.25). It is worth pointing out that the Substitute bill, like the original bill, saves Ohio consumers millions of dollars annually while also promoting clean energy.

For all these reasons, FirstEnergy Solutions encourages you to support substitute HB 6. Thank you for your time and attention.