

Testimony of Ned Ford  
On Substitute House Bill 6  
May 6, 2019

[Ned.Ford@fuse.net](mailto:Ned.Ford@fuse.net) 513-600-4200  
9533 North Cincinnati Columbus Road, Waynesville Ohio, 45068

The Substitute Bill makes some interesting suggestions for efficiency programs going forward in the future which deserve discussion and exploration in some other context. They are no more adequately defined or spelled out than the rest of this wishlist.

While it is clear that the authors of the bill want to hand over a lot of money to the owners of the Ohio nuclear plants, it is equally clear that they have no idea how this bill is actually going to function. The sponsor's introductory testimony to this Committee, that he didn't know how it was going to work and expected the Ohio Air Quality Development Agency to work out the details was at least honest.

It does not, however, remotely resemble responsible service to the people and the businesses of this state.

Advocates of this bill display an awesome lack of understanding of how energy works in Ohio, and before any serious discussion of passing legislation should occur, we ought to have extensive education. My testimony to the Generation Subcommittee details among other things how we know with great certainty that energy efficiency saves as much money as we say it does.

Ohio's efficiency programs from 2009 to 2017 cost \$1.3 billion and have installed hardware which will save about \$8.6 billion before it wears out. The savings are more than six dollars for every dollar spent. Many witnesses have identified a smaller amount of savings per dollar. Those witnesses are incorrect, and I would love to have the opportunity to explain why in some detail.

In addition to the energy savings, Ohio's efficiency programs have avoided the need for capacity needed to serve Ohio citizens, businesses and industry. This capacity is worth about \$3.5 billion and includes avoided power plants, avoided reserve margin and avoided transmission and distribution equipment. The exact value of this avoided capacity is not important. What is important is understanding that as long as this value is greater than the cost of the programs then all customers receive net benefit, regardless of whether they participate in the programs.

This is how efficiency is the utility's lowest cost of resource. Industrial opt-outs created by SB 315 and SB 310 in 2013 and 2014 respectively are based on a false understanding and should be repealed as should everything else in those bills.

The concept created by Substitute HB 6 of allowing forward budgeting for efficiency based on an average of past year spending creates a disadvantage for FirstEnergy customers due to that company's lower spending than the other three utilities.

The concept of a bailout for the failing nuclear plants is shameless pandering. Ohio efficiency, wind and utility scale solar are now the cheapest resources. Even natural

gas and coal are cheaper than the nuclear plants. There is no rational reason for Ohio to abandon twenty years of movement to market forces in determination of electric supply.

Remember that these plants weakened the Northern Ohio economy for a quarter century when they first went into the rates at about a billion dollars per year more than before they were included in rates. Ohio Consumers' Counsel has listed their further subsidies since 2000 at \$14 billion.

If there was any point to a policy to advance carbon free energy in Ohio, it would be to advance NEW carbon free energy. Ohio lawmakers should be eager to promote and support the expansion of new wind and utility scale solar. If we don't, other states will do so and because our power is market based, the attempt to prop up the nuclear plants may fail anyways because cheaper natural gas and wind and solar power from surrounding states will undercut the nuclear plants even with the subsidy.

Substitute HN 6 remains a strongly regressive tax that favors industrial energy users which is extremely inappropriate given that the industrial sector has always supported these plants and never paid for them. It is somewhat gratifying to find even industrial energy users opposed to this bill, but they continue to disparage efficiency, wind and utility scale solar without understanding how these resources will lower their rates along with all other customers.

Clean energy, ironically, poses an important solution to both education and infrastructure spending because tax revenues from wind and solar will be distributed to many communities which have been left out of the bounty that central generation concentrates on some communities. Not that our power generation should have anything to do with our education and roads, but in Ohio it does.

An additional topic I would like to address in detail was raised in the Generation subcommittee by one of the Representatives: How can Ohio achieve 100% carbon-free generation. The subject needs much detail, but in short, a mix of about 65% wind and 30% solar plus the 5% or so of existing sustainable generation will do it.

The amounts of each resource may shift due to cost changes as we built toward the goal. The quantities are very mutable – the amounts increase as we see electric vehicles, server farms, air to air heat pumps and a host of less well known electric technologies which are cheaper today than the non-electric fossil fuel services they will replace.

The more efficiency we do, the less total generation we need and the less our entire electricity supply costs us.

There is a need for storage, but it is much smaller than many have assumed. Storage is already cheap enough that wind plus storage is cheaper than coal or natural gas, but it will be cheaper and better and more diverse by the time we need it, approximately when we have enough wind or solar generation to exceed momentary peak demand, and there is something to store. A lot of storage will probably be built before we need it for power quality and for making solar generation more valuable.

If Ohio drags its feet on this, we will miss the economic opportunity of a lifetime. The new clean energy future will see more than a trillion dollars spent in the United States in the next twenty years on profitable wind and solar generation. If Ohio passes on the opportunity, we will buy cheap power from nearby states instead of selling it to them. And we will capture a much smaller share of that trillion dollars in our economy. And we will lose bright minds and young hearts who don't have the patience to sit out this exciting transition while others are fully engaged.

The innovation of the electric car is the first growth opportunity the electric industry has seen in the United States for sixty years. The fact that this opportunity is more than doubled by other electrification opportunities, notably the heat pumps which are now cheaper to own and operate than natural gas furnaces, and server farms, has not yet been fully acknowledged by popular media.

Substitute SB 6 is a thumb in the eye to progress, and it should be clear to all involved that it is a failed wishlist. Leave it at that.

---

---

*Ned Ford has actively advocated energy efficiency as a cost-effective resource in Ohio for 35 years. Now that wind and utility scale solar are cheaper than fossil generation in Ohio, he also advocates them. His other activities include advocacy of other strategies which produce environmental benefits and also save money.*

