

House Energy and Natural Resources Committee
Chairman Nino Vitale
Opponent Testimony on Substitute House Bill 6
Testimony of D. E. Shaw Renewable Investments
David Zwillinger, D. E. Shaw Renewable Investments

May 15, 2019

Chair Vitale, Vice Chair Kick, Ranking Member Denson and members of the House Energy and Natural Resources Committee, my name is David Zwillinger, I am the President of D. E. Shaw Renewable Investments (DESRI). Thank you for the opportunity to provide testimony on Ohio House Bill 6 (HB 6).

DESRI is a leading U.S. clean energy investor, owner, and operator. The DESRI team has raised more than \$10 billion of capital for renewable energy projects over the last ten years and has been on the forefront of building renewable energy projects across America, which have helped invigorate rural economies. Today, DESRI owns and operates 32 wind and solar projects across the United States, and recently acquired the Highland Solar project (located in Highland County, Ohio) from Hecate Energy. The 300MWac Highland Solar project is located in House District 91 and has an executed 20-year renewable energy purchase agreement (REPA) with Ohio Power Company. The REPA is currently awaiting PUCO approval, and if the project proceeds under the current REPA, it is expected to contribute to more than \$400 million of capital investment in Highland County, millions of dollars in taxes, more than 100 long-term jobs, hundreds of union construction jobs, and 20 years of fixed cost clean energy.

DESRI commends Representative Callendar and Representative Wilkin on their interest in positioning Ohio as a leader in the clean energy economy with HB 6. This type of forward thinking and commitment to progress is important for stimulating and stabilizing economic and clean energy growth in Ohio. We would like to recommend two important changes to HB 6 that we believe are critical to promoting new clean energy development, which in turn would be expected to create jobs, and ultimately deliver low-cost energy to Ohio consumers at a stable, long-term price. We believe the following modifications should be made to HB 6: (i) change either (a) the “need determination” to include long-term energy contracts that deliver rate stability and/or align with Ohio’s long term renewable goals, or (b) the REPA approval process for the existing 400MW solar projects with executed agreements with AEP and future solar to enable projects to enter into long term power purchase agreement with IOUs, and (ii) allow Ohio’s current Alternative Energy Portfolio Standard (AEPS) to continue for solar and wind renewable energy projects.

Our business is renewable energy, and our business is not successful if we are not able to competitively price our product (i.e., electricity). One of the most important factors affecting our ability to deliver competitive power prices is the availability of long-term energy contracts with offtakers. Contract duration and certainty allows for projects like Highland Solar to benefit from third-party financing to help construct and operate these capital intensive energy projects. The availability of financing has been a major driver in the downward trend of renewable energy pricing across the country, which can ultimately be passed along to the consumer through a lower

and more stable power price. Additionally, many projects across the country have benefited from the federal Investment Tax Credit (ITC) for renewable energy projects, and savings from the ITC are often passed to consumers through lower energy prices. With the ITC scheduled to step-down in value at the end of 2019, the lack of near-term regulatory certainty in Ohio may make it challenging for owners and developers to move forward with projects that qualify for the ITC at its current rate, depriving Ohio ratepayers of benefits of the federal ITC. American Electric Power and others have testified in support of clarifying Ohio's "need determination" to support long-term contracts between the utilities and renewable generators. We believe that an adjustment to the need determination to promote long-term clean energy contracts would have substantial benefits to Ohio's ratepayers.

As an investment group overseeing billions of dollars of clean energy projects, DESRI carefully monitors new programs and changing markets. Eliminating the AEPS would create market uncertainty in Ohio, which we believe would ultimately discourage growth and hamper renewable energy development and job creation, and may impede near term investment reducing the number of projects capable of qualifying for the federal ITC, increasing the cost of energy for Ohio ratepayers. Identifying a clear and more certain path, enabling clean energy sources to compete for long-term contracts within the context of the existing AEPS, should help convince developers and investors that Ohio is embracing new development in clean energy (and the associated jobs and capital investments), while preserving existing clean energy sources.

Highland Solar and similar clean energy projects planned for Ohio are expected to bring new jobs, economic development, and taxes to rural areas that need new opportunities. We believe that the changes that we are proposing the HB 6 would help these projects come to fruition.

I appreciate your consideration and time, please feel free to contact me with any questions.

Sincerely,



David Zwillinger
President

D. E. Shaw Renewable Investments, L.L.C.