

Testimony
The Committee on Energy and Public Utilities
The Ohio Senate
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I am pleased to have this opportunity to testify in support of HB 6 because I believe that the Ohio Clean Air Program (OCAP) creates a unique platform by which to encourage the development of clean air projects within the State of Ohio.

I am pleased, moreover, to testify that HB 6, as passed, will trigger the launch of a new utility-scale solar industry in the State of Ohio, a launch that has been to this point stymied by the lack of state laws and regulations that elevate the importance of a cleaner mix of electricity sources – or specifically the encouragement of “zero carbon sources,” which I read to be the original intent and focus of HB 6.

I also believe that the Ohio Senate has a unique opportunity to take HB 6 and work with the OCAP platform that it creates to put its own clear imprint on the outcome of this legislative process – and by doing so, provide substantial new state support for Ohio-based renewable generation and energy efficiency.

While there are several positive developments associated with HB 6, let’s begin with the launch of a new utility-scale solar industry in Ohio.

HB 6 as passed makes solar projects that have obtained a certificate from the Ohio Power Siting Board prior to June 1, 2019 eligible for support under the OCAP program.

According to testimony provided to this Committee by the Chair of the Public Utilities Commission of Ohio, Sam Randazzo, the six projects that fall under this definition will produce 1,020 MW of nameplate rated solar generation. For purposes of full transparency, one of the projects that meets this definition was developed by the company in which I am a partner, Hecate Energy, and is located in Highland County in deep southern Appalachia Ohio.

This amount of solar generation is nothing to sneeze at, and if the other five projects are like our own, which I suspect they are – they are essentially shovel ready, waiting for final approval from Ohio regulatory authorities. When the final green light is given, and construction begins, the economic and social impact of these projects will be substantial.

If these projects are allowed to move forward, the total solar electricity generation installed in Ohio as of June 2019, just over 200 MW, would be multiplied by a factor of 5.

These projects combined will put over 900 people to work over an 18-month period in construction jobs. Over 50 permanent operations and maintenance jobs will be created. And an estimated 10,000 job-years in “indirect” employment will result, triggered by the economic activity associated with these projects.

In addition to all the great jobs created while developing these projects, it is important to note that Hecate Energy’s Highland project will also generate 150 permanent manufacturing and service jobs in the solar supply chain – through a combination of jobs in tracking or inverter manufacturing (or, possibly, both) and in the operations and maintenance services that these solar projects will require for their 35-year effective life. According to the contract we have signed with AEP, we will suffer financial penalties if we fail in this task. I assure you, we will not fail!

These projects will, moreover, generate substantial tax revenue for hard-pressed local units of government. Together, they will produce in excess of \$9 million in annual tax payments to school districts and county governments. Over the 35-year effective lives of these projects, that number grows to \$321 million.

The six projects combined will generate enough electricity to power just under 200,000 homes, and will remove over one million tons of carbon dioxide from the atmosphere every year – roughly equivalent to the amount of carbon dioxide generated by 238,000 cars.

Close to \$1 billion in capital investment will be made in the four counties that are home to these projects – Highland, Brown, Vinton, and Hardin – all of them rural, and all of them located in southern and western Ohio, where the sun shines the brightest in the State of Ohio.

The siting of manufacturing jobs has yet to occur, but most of the planning thus far has focused on Lawrence and Pike Counties, in Appalachian Ohio.

So that’s the sort of in-state clean energy development that the OCAP platform can unleash. And here’s what I’m wondering: why stop there?

I perceived substantial power in the OCAP platform, as originally introduced, to do precisely that – encourage zero carbon projects across the whole range of possible technologies, whether they be solar, wind, energy efficiency, or nuclear. OCAP was to be capitalized with \$300 million a year in new fees, \$150 million of which appeared to be dedicated to keeping the Davis-Bessie and Perry nuclear power plants open.

That left \$150 million to be dedicated to other zero carbon strategies. I kept waiting/hoping for a conversation to occur about how best to divide up that funding. I thought that it would be relatively simple – at a 30,000-foot level, anyway – to land on a strategy whereby some portion of that remaining \$150 million might be allocated to solar, some portion to energy efficiency, and some portion to wind.

But that conversation never occurred. I sincerely hope that it does now. I encourage this Committee to take a hard look at the OCAP platform as originally contemplated, and to consider the possible benefit of carving out specific allocations to the range of possible zero carbon technologies.

I like very much that the bill as passed effectively launches a new utility-scale solar industry in the State of Ohio! That is no small achievement.

But to be clear, this legislation and the OCAP has the potential to do more. The room is there. I think a conversation that has not yet occurred needs to occur, and when it does, progress toward a positive outcome will ensue.

With a fully realized OCAP, the goal of a cleaner electricity mix will be elevated to a preeminent place in state law and policy. It specifically encourages the development of “clean energy resources” that emit zero carbon emissions – the type of energy that companies are increasingly demanding in order to locate operations in Ohio. That means solar and wind energy, in addition to nuclear power.

With a fully realized OCAP, Ohio will commit to a true “all of the above” state energy policy – one that relies on a diversified energy mix, including nuclear and renewable sources of energy. Without it, we will continue down our current path, which is the “let’s put all our eggs in a single basket” path – the path of electricity generated from natural gas.

In addition to more widespread business use of renewables, a fully realized OCAP will ensure that the customers of Ohio’s public utilities, which include most households in Ohio, will enjoy a cleaner mix of sources in the electricity they consume – a benefit that will be enjoyed by rich and poor alike.

With a fully realized OCAP, Ohio’s increasing reliance on out-of-state generation will be reversed. Existing laws have led to a decline in the ratio of electricity generated to electricity consumed within the boundaries of Ohio from 92% in 1991 to 82% today. As part of my job in recent years, I have traveled all across the world doing power plant development, and I have yet to find a state, province, or nation that would find comfort in such data.

With a fully realized OCAP, the economic development benefits of new Ohio-based clean energy generation will be advanced. And interestingly, when an “all of the above” energy strategy becomes a reality, all of Ohio wins – with the bulk of gas resources coming from the east, the bulk of solar resources from the south and southwest, the bulk of wind resources from the west and northwest, and the nuclear resources situated in the north.

Because of the flexibility of the OCAP platform, HB 6 was amended to permit the support of 6 utility-scale solar projects that will provide a huge boost to the solar industry in the State of Ohio. My hope and wish is that the Ohio Senate will keep these important projects – and the substantial economic and social benefits they will produce for the State of Ohio – front of mind in the discussions that lie ahead. I also hope that the Senate will look carefully at the potential that the OCAP platform possesses to support projects that span the entire range of zero carbon emission options. Thank you for your consideration.