Southeast Ohio Public Energy Council

Eddie Smith – Operations Coordinator

Interested Party Testimony - Ohio House Bill 114 (As Introduced)

Public Utilities Committee

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My name is Eddie Smith, and I serve as the Operations Coordinator of the Southeast Ohio Public Energy Council (SOPEC). I am joined today by Athens County Commissioner Chris Chmiel, who also serves as the chair of the SOPEC Board of Directors. SOPEC is a regional Council of Governments comprised of local governments in Southeast Ohio that came together in 2014 to act cooperatively and achieve a broad public mission for our region: Developing public energy services, programming, and energy infrastructure that keeps hard-earned dollars in Southeast Ohio while preserving the land, air, and water for future generations. I would like to thank the committee for allowing me to testify today about how Senate Bill 320 will likely impact the regional public mission SOPEC aims to serve.

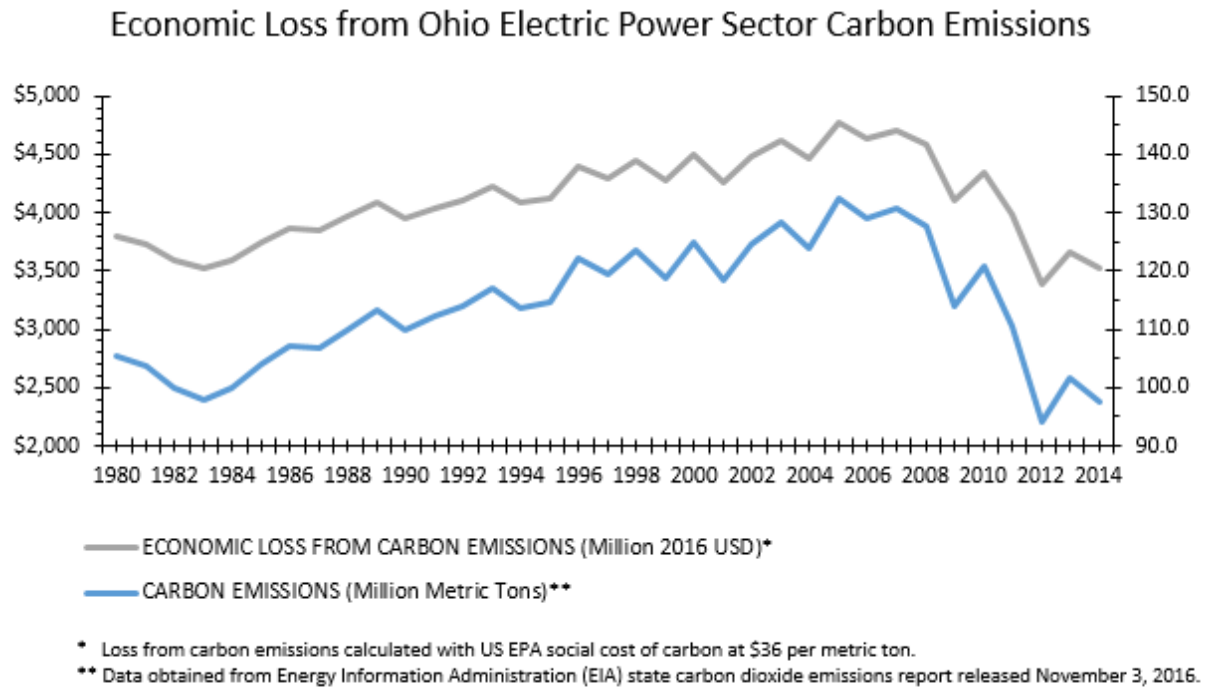
Carbon Emissions and Climate Change

Geographic regions experience normal ranges of weather variation over time. Within a region, it is perfectly normal for some summers to be hotter, for some winters to be warmer, and for some springs to experience more rain and wind. This normal range of regional weather variation over time is called "climate". The best available information from peer-reviewed climate scientists unequivocally concludes that the documented weather in every region around the planet has consistently, decade after decade, operated outside of each region's normal range of weather variation.

The best available information from the world's peer-reviewed scientists conclude that some amount of this climate change is driven by natural causes from large and complex earth systems. The same experts also conclude with great certainty that a large amount of this climate change is driven by human activity, such as fossil fuel emissions. As of this testimony, nearly 10 billion metric tons of carbon dioxide are pumped into our planet's air every single year, and 229 million metric tons of these emissions come from the state of Ohio. This annual volume of smoke and gas emissions is undoubtedly changing the composition of our air and causing some amount of the abnormal variation in the weather that is being documented around the entire world.

The Economic Costs of Carbon Emissions

This variation in the weather is going to mean disruptions for the Ohio economy. Economists working for the U.S. Environmental Protection Agency have concluded that the current economic cost for each emitted metric ton of carbon is equivalent to $36 of lost productivity or other disruption within the economy. That means that Ohio's annual emissions are already responsible for $8.24 billion in productivity loss and other economic impact per year for Ohioans, with nearly half of that loss resulting from emissions in the Ohio electric power sector.



The economic cost of carbon emissions is manifesting and becoming increasingly tangible, and is documented in the line graph above titled “Economic Loss from Ohio Electric Power Carbon Emissions”. Many of the economic disruptions and productivity loss in Ohio already surround Ohio’s largest industry: agriculture. Agriculture in Ohio depends on crops and livestock that for millennia of domestication have been dependent on a normal range of weather variation. The economic impacts of these abnormal weather variations are already beginning. In Southeast Ohio, ever later spring frosts have destroyed the yields on many fruit tree farms, and abnormal levels of rainfall in the summer have blighted many vegetable crops.

Poverty, Economic Costs, and Support for RPS and EES

The Southeast Ohio Public Energy Council represents the energy interests of the poorest part of Ohio. The majority of electric generation and electric distribution assets in Southeast Ohio are owned by shareholder-owned companies headquartered outside of our region and whose parent companies and shareholders often reside outside of the state. At the same time, Athens County, Ohio, with the highest child poverty rate in the state, is also home to the highest capacity of per capita solar generation in the entire state of Ohio. Renewables and energy efficiency improvements are the energy infrastructure future that many Southeast Ohioans seek. SOPEC is supportive of state standards that provide the same future for Southeast Ohioans who lack the time and resources to invest in renewables and energy efficiency improvements themselves.

The Southeast Ohio Public Energy Council upholds that all energy utility customers and their suppliers are responsible for and must be held to account for the negative side effects of their energy generation and consumption decisions when those decisions impact the well-being of other members of the public. In the absence of a carbon tax or other pollution tax to capture and account for the economic costs of

carbon emissions, the energy efficiency standards offer a minimal framework for incentivizing abatement, while the renewable portfolio standards offer a framework for transitioning toward alternative supply methods with fewer externalities. To the extent that compliance with these standards does not create costs in excess of the $3.5 billion in annual economic costs due to Ohio electric power sector carbon emissions, the Southeast Ohio Public Energy Council remains supportive of the energy efficiency standards as well as the renewable portfolio standards.

Thank you for your time and consideration of my testimony. I would be happy to answer any questions.