



Representative Anthony DeVitis

House Bill 381

Public Utilities Committee

Sponsor Testimony – Representative Anthony DeVitis

December 12, 2017

Chairman Cupp, Vice Chairman Carfagna, Ranking Member Ashford and members of the Public Utilities Committee, thank you for the opportunity to present House Bill 381, the “Ohio Clean Energy Jobs Bill.” HB 381 will create a program to help ensure our state’s two nuclear energy plants continue to provide well-paid jobs, economic growth, reliable and secure electricity generation and environmental progress for Ohio.

Our two nuclear plants – the Davis-Besse Nuclear Power Station in Ottawa County and Perry Nuclear Power Plant in Lake County – are 24/7 energy sources that reliably generate the vast majority of Ohio’s clean electricity. Last year, these plants generated about 14 percent of the state’s electricity, and an astounding 90 percent of the carbon-free power produced in Ohio.

In addition, Davis-Besse and Perry are major contributors to healthy economies both locally and across the state. Together, they directly employ approximately 1,400 nuclear engineers, operators, maintenance professionals and other personnel who run the facilities. The plants also create nearly 3,000 indirect full-time jobs for ironworkers, boilermakers, pipefitters and other trades people who support refueling and special projects. Local restaurants, shops and other organizations also benefit from business generated by the plants and their employees. Davis-Besse and Perry also contributed nearly \$25 million in state and local tax revenues in 2016 to support schools, police and fire departments and other vital public services.

Though there is no question nuclear power plants are a key component of a balanced energy mix, nuclear plants across the country are facing unprecedented challenges due to suppressed power prices and flawed federally regulated electricity markets. As a result, their future – and the benefits they provide right here in Ohio – is in jeopardy.

Opponents will argue that the market is, in fact, working by selecting power generators with the perceived lowest costs. However, the current structure is far from a pure competitive market, with many plants receiving preferential treatment. Approximately 30 percent of power plants connected to PJM Interconnection receive full cost of service payments through state regulation, while another 10 percent – such as wind, solar and hydro – receive subsidies.

Others will contend that FirstEnergy, whose subsidiaries own the facilities, is the problem, with aging, poorly-run plants and unusually high operating costs. Yet a look at neighboring states shows this is a regional issue. Several plants in those states have announced they will close before the end of their operating licenses due to the federal market structure. Regulators and legislators in Illinois, New York and

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Connecticut have addressed the issue head on, enacting programs to keep their nuclear facilities in operation. New Jersey may follow with similar action before the end of 2017.

Some may suggest Ohio waits for the outcome of discussions at the federal level, where the Federal Energy Regulatory Commission (FERC) is considering a grid resiliency rule to support continued operation of coal and nuclear plants. However, FERC just asked for an extension as it examines the issue, and the outcome of their review is far from certain. Ohio can't afford to fall behind – nor can it allow the federal government to decide its fate by waiting for solutions that may be inadequate or too late. We can safeguard Ohio's long-term energy security and a healthy economy and environment now by approving HB 381.

Like HB 178 introduced earlier this year, this legislation creates credits to compensate eligible nuclear plants in PJM that provide crucial environmental benefits to Ohio. Substantive changes in HB 381 help minimize the impacts on customers while preserving the economic, environmental and reliability benefits of our nuclear plants. The term of the program has been reduced from 16 to 12 years, and costs have been reduced to a flat monthly charge of \$2.50 for residential customers, and the lesser of 5 percent or \$3,500 for non-residential customers.

Local elected officials, school systems, labor organizations, economic development specialists, nuclear energy experts and manufacturers and businesses of all sizes support this legislation, and 15 of my colleagues from both sides of the aisle have signed to cosponsor this important bill.

As we continue our discussion about the importance of Ohio's nuclear plants and the invaluable service they provide, I remind the Committee that the timeline for identifying a solution is short. FirstEnergy continues its review of its competitive generating fleet and will have to make some difficult choices in 2018. We must proceed with a sense of urgency to preserve this key energy resource.

Chairman Cupp, Vice Chairman Carfagna, Ranking Member Ashford and members of the Public Utilities Committee, thank you for the opportunity to present House Bill 381 today.