Ohio Senate Public Utilities Committee Hearing
Senate Bill 128
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Testimony of James Hunter – President of Unions for Jobs and Environmental Progress

Chairman Beagle, Vice Chairman LaRose, and members of the Ohio Senate Public Utilities Committee – I am James Hunter, President of Unions for Jobs and Environmental Progress and former Director of the IBEW Utility Department. Thank you for the opportunity to speak today on a crucial issue threatening our country's energy security: the premature retirement of valuable baseload generating units – including nuclear facilities – due to expensive regulations, subsidies and mandates for less resilient forms of generation, extremely low natural gas prices and market designs that only value cost.

We have reached a crisis point, and America stands to lose significantly if this trend is allowed to continue. You need to look no further than your own state to see the issue – your two nuclear plants face a very real risk of shutting down if a solution isn't identified very soon.

Three years ago, I testified before Congress that I've worked in the utility industry for over 40 years and have never seen our generation business in a worse position. I was wrong – it has gotten much worse.

The current market design dictates that all energy supply decisions be based on the lowest short-term costs, ignoring all of the long-term considerations that were once carefully analyzed by state utility commissions. No party is accountable for a holistic view of total system costs – not the states, not the federal government, not the regional grid operator PJM Interconnection. The consequence is a system that is less efficient and cannot cover the fixed costs of operating power plants.

As a result, baseload nuclear and coal-fired power plants, long at the heart of electric system, are closing at a remarkable pace. In Ohio alone, more than 8,600 megawatts of coal-fired generation have closed or announced their closure since 2011. Among those are Dayton Power & Light Company's 2,318-megawatt J.M. Stuart Station and 666-megawatt Killen Generating Station, slated for closure in 2018. These decisions are final and there is no practical opportunity to bring power plants back to the system after retirement.

Even the cleanest and most efficient plants are not immune to this challenge. For example, the Clinton nuclear facility in Illinois lost 30 million dollars in 2013 despite running at 100% efficiency for the year with no down time. We also have seen perfectly good nuclear plants with license extensions that have closed or will close due to the market, including Kewaunee, Fort Calhoun and Palisades.

Along with the exit of these plants are the exit of thousands of well-paying, full-time jobs. It's not just the power plant workers that are impacted – losses come from mineworkers, rail workers, plant support vendors as well… not to mention the shop owners, restaurant staff and community service workers that serve the communities in which these plants are located. The standard number for indirect job losses when a plant closes is four outside jobs for every one electrical worker.

Plant closures and job losses also result in the elimination of a vital economic base and tax dollars that fund schools, police departments, fire stations, libraries and numerous other community services. Many of these losses fall heavily on rural communities where most of these plants are located – communities like those that surround your nuclear plants in Ohio.

Another factor that greatly concerns me about baseload plant closures is the impact on the resiliency of our generation system. Dedicated, on-site fuel supplies ensure these plants can withstand disturbances such as severe weather, interruptible fuel contracts, attacks on infrastructure or other catastrophic events that upset fuel delivery while continuing to deliver electricity to customers. Other forms of generation simply don't provide that security.

Even PJM has acknowledged this challenge. Following their recent reliability report, the organization indicated it would begin closely studying the need for resiliency in the electrical grid. While the effort the organization has put towards identifying solutions that preserve our region's valuable baseload assets is admirable, efforts to date have yielded only small gains without addressing the root of the issue. With all due respect to PJM, we cannot afford to await the outcome of more studies.

Before I conclude today, I'd like for a moment to discuss natural gas – the fuel source that has been rapidly rising in PJM as the replacement for retiring baseload generation. I think we would all agree that the increased supply of natural gas has been a good thing for our country. But it has driven down the price of electricity and had an unintended consequence for the electric generation industry. And it has severely reduced the system's resiliency – a look at an extended emergency like a Polar Vortex demonstrates this point.

We learned from bitter experience that an overreliance on one source of energy is not a sound policy. An unexpected disruption in the supply of natural gas could send prices spiraling on the spot market. We also know that renewable energy sources such as wind and solar are not far along enough in development to provide a major share of our nation's power supply.

As you consider the legislation before you and the future of Ohio's electricity supply, I urge you to examine the role baseload generation plays in your state. Do you fully understand how the baseload plants you have support the resiliency of the electrical system in Ohio? Are you prepared to let outside forces dictate these plants' futures? Are you willing to let safe, reliable, clean plants close, never to be opened again? I caution you to carefully address these issues, or risk destroying the heart of our great electric system. Thank you, and I welcome your questions.