



House Energy and Natural Resources Committee  
Opponent Testimony on Sub. House Bill 6  
Testimony of Ted Ford  
President, Ohio Advanced energy Economy

May 8, 2019

Chairman Vitale, Vice Chairman Kick, Ranking Member Denson, and Members of the Energy and Natural Resources Committee, my name is Ted Ford, President, Ohio Advanced Energy Economy. Thank you for the opportunity to speak to you today as an opponent to Substitute House Bill 6.

Advanced Energy Economy (AEE) is a national association of businesses that are making the energy we use more secure, clean, and affordable. Advanced energy encompasses a broad range of innovative products and services that constitute the best available technologies for meeting energy needs today and tomorrow. Among these are energy efficiency, demand response, energy storage, natural gas electric generation, solar, wind, hydro, nuclear, electric vehicles, biofuels and smart grid. Today, the advanced energy industry employs over 112,000 Ohioans in a range of advanced technology fields, with 80,000 of those jobs in energy efficiency.

I want to emphasize up front that AEE does not oppose nuclear energy. Newer modular reactor designs now in development will generate electricity more safely and at lower cost than prior generation nuclear plant designs. Much of the modular nuclear reactor work builds off the decades of development funded by the US Navy to power ships and submarines and represent proven technology. While their costs are expected to be lower than today's conventional nuclear, they remain too high for most competitive electricity markets. Eventually those costs will come down and electricity prices will rise, making their widespread adoption a realistic possibility.

While AEE does not oppose nuclear power per se, we do oppose subsidizing aging uncompetitive generation plants of any kind because the subsidies involved distort the market, raise costs for consumers, and displace and depress investment in more efficient and effective alternatives.

Sub. HB 6 presents just such a trade-off. Masquerading as a clean air program, the bill would essentially levy a \$300 million dollar annual "tax" on businesses and households in Ohio, with more than half of those funds to be used to bail out two bankrupt power plants that can no longer operate profitably in wholesale electricity markets. Ratepayers bought and paid for those plants at least twice – when they were constructed and in the aftermath of deregulation of the electricity generation market after passage of SB 3 in 1999. It makes no sense to direct more ratepayer

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money – this time from all Ohioans – to keep these plants operational when newer, more efficient and privately financed alternatives exist.

Proponents of HB 6 argue that the competitive market does not reward Ohio's nuclear power plants for being no/low carbon sources of electricity, suggesting the nuclear plants are victims of policies that provide an unfair advantage to competing technologies. The reality is more complex. A report by the Analysis Group, *Electricity Markets, Reliability, and the Evolving U.S. Power System*, finds that market forces – primarily low-cost natural gas and flat demand for electricity – are causing both coal and nuclear power plants to retire, not state and federal policies supporting other alternatives.<sup>i</sup> Markets are working to the advantage of consumers.

Proponents of HB 6 argue that the loss of Ohio's two nuclear power plants poses a threat to grid reliability and to Ohio's electricity independence from other states. The truth is that Ohio and the PJM region more broadly has ample excess electricity generation supply at affordable prices. There is no imminent threat that would justify a \$300 million annual tax on Ohio households and businesses to prop up these plants.

Finally, proponents of HB 6 argue that Ohio's renewable energy standards have failed to appreciably increase the amount of carbon free electricity available in Ohio. The truth is that the standards worked well until the General Assembly systematically pursued legislation to undermine their operation over the past five years.

SB 310, enacted in 2014, froze the renewable energy and energy efficiency standards for two years while gutting many of their key provisions, including the requirement that a portion of the renewable energy purchased by utilities come from sources inside Ohio. In separate legislation that year, the General Assembly also enacted some of the most restrictive wind turbine setback standards in the nation, a change that brought most new wind development to a standstill in Ohio and left over \$4 billion in capital investment and thousands of jobs on the sideline. In the years since 2014, some in the General Assembly have repeatedly sought to undermine and effectively repeal the RPS, creating uncertainty that has, in turn, suppressed private sector investment in renewables in Ohio.

Similar attacks on energy efficiency have also created uncertainty in that industry which employs almost 80,000 Ohioans. Despite the uncertainty, between 2009 and 2017 Ohio's utility run energy efficiency programs saved Ohio consumers over \$5.1 billion in electricity costs, representing a return of \$2.65 for every dollar spent.<sup>ii</sup> Energy efficiency programs must be approved by the PUCO every three years, and no program can be approved unless it is proven to save consumers more than it costs.

It is a positive development that policymakers in Ohio now recognize the value and importance of low-carbon electricity sources, but effectively eliminating the RPS and EERS in exchange for nuclear subsidies is not an effective solution. I commend the House Democratic Caucus for its Ohio Clean Energy Jobs Plan released last week. It proposes an innovative compromise that would create Advanced Energy Credits to maintain a 15 percent baseline generation capacity

from emissions-free nuclear power and would also retain and strengthen Ohio's clean energy standards, remedy Ohio's onerous wind setback standards, and ensure that renewable energy is built in-state. When combined with Ohio's bountiful supply of natural gas, this approach would go far to ensure fuel diversity and lowest cost to consumers. I encourage this Committee to consider this compromise approach as you consider next steps for this bill.

I appreciate your time and consideration today, I would be pleased to answer any questions you may have.

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<sup>i</sup> Source: The Analysis Group, "Electricity Markets, Reliability and the Evolving U.S. Power System," June 2017.

<sup>ii</sup> Source: Midwest Energy Efficiency Alliance [http://www.mwalliance.org/sites/default/files/meea-research/2009-2017\\_ohio\\_energy\\_and\\_bill\\_savings-meea-final.pdf](http://www.mwalliance.org/sites/default/files/meea-research/2009-2017_ohio_energy_and_bill_savings-meea-final.pdf)