



Testimony of Eastern Region Director Andrew Gohn on behalf of the American Wind Energy Association before the Ohio House Energy and Natural Resources Committee

Date: May 8th, 2019

Bill: Substitute House Bill 6

Position: OPPOSE

Chair Vitale, Vice Chair Kick, Ranking Member Denson, and Members of the House Energy and Natural Resources Committee. Thank you for the opportunity to speak to you today as an opponent to Ohio Substitute House Bill 6. My name is Andrew Gohn, and I am Eastern Region Director for the American Wind Energy Association.

I am here on behalf of the over 1,000 member businesses of the American Wind Energy Association, and the 100,000 workers who are employed in this industry in the United States, many of them right here in Ohio. Wind energy is an important part of Ohio's power supply and the Alternative Energy Portfolio Standard (AEPS) represents the strongest tool in Ohio's arsenal to achieve cleaner air and reduce carbon emissions. House Bill 6 effectively repeals the AEPS by making the standards optional and substitutes it with a far costlier program – a program intended to preserve existing generation that Ohioans have paid for many times over. This policy will lead to more carbon emissions, more pollution, and greater costs on Ohio ratepayers – achieving none of the stated goals.

HB 6 will make clean energy much more expensive for Ohioans

Ohio's AEPS is a success and its good for Ohio consumers. Ohio ratepayers on average currently pay between \$0.10 and \$0.69 per month for the state's renewable energy commitments under the AEPS.¹ That cost supports the continued operation of the equivalent of around 2,200 megawatts (MW) of energy from wind farms. These wind farms offset pollution from fossil resources that foul the air Ohioans breathe, and they do so at a low cost.

That is because the AEPS is a market-based mechanism. It created a market for Renewable Energy Credits (RECs) in which generators compete to sell RECs to suppliers at the lowest achievable cost. This ensures the lowest possible impact on the ratepayer. Any wind or other clean energy source can freely compete in this market. By contrast, the proposed program to support nuclear generation in the state would rely on an administratively established ratepayer funding level targeting particular generators, namely the Davis-Besse and Perry nuclear plants.

HB 6 promises to supply selected nuclear generators with support amounting to \$9.25 per megawatt-hour over and above market revenues. By contrast, ratepayer prices per megawatt-hour for non-solar renewable energy reflected in the competitive retail REC market were only \$4.71 on average over the most recent compliance year (2017).² Thus, the AEPS has supported generation from renewables like wind and solar at a far lower cost to the ratepayer than has been proposed for nuclear power under this bill.

¹ Public Utility Commission of Ohio - *Renewable Portfolio Standard / Rate Impacts 1st Quarter 2019*

² Renewable Portfolio Standard Report to the General Assembly by the Public Utilities Commission of Ohio for the 2017 Compliance Year <http://dis.puc.state.oh.us/TiffToPdf/A1001001A19C20B45525B02916.pdf>

Proponents of this legislation have claimed that it would save average Ohioans \$4.39 per month by repealing the AEPS, the Energy Efficiency Resource Standard (EERS) and Peak Demand Reduction (PDR) programs. They go on to say that they are replacing these programs for the benefit of air quality with a mandatory nuclear charge that supports specific plants, for the low cost of only \$2.50, thus saving ratepayers relative to existing costs. This is a shell game, in which cost-effective generation support for renewables is lumped together with unrelated efficiency and peak demand reduction programs and the cost of all three programs is added up. In reality, the AEPS, at \$0.10 to \$0.70 per month, is far more effective at spurring clean energy generation than the much higher \$2.50 per month for existing nuclear plants.

In other words, this bill will raise consumer prices by imposing a \$2.50 mandate on Ohio consumers every month for specific existing nuclear plants, in place of the existing market-based AEPS cost of only \$0.10 to \$0.69. That means that Ohio customers will be paying between \$1.80 and \$2.40 more per month for clean energy than they do now. In exchange, they will get about half as much clean energy generation as they would under a similar renewable commitment.

Despite Challenges, the AEPS is Highly Effective

Renewable Portfolio Standard (RPS) programs like the AEPS have proven to be highly successful at expanding the development of renewable resources. By design, an RPS does not hand pick a technology; rather all renewables are able to compete, incentivizing cost reductions and efficiency gains. As a result, RPS policies encourage the growth of additional homegrown electricity sources that diversify our energy portfolios, spur local economic development, reduce pollution, cut water consumption, and save consumers money.

Today, 29 states plus the District of Columbia have RPS policies in place, while another eight states have non-binding renewable energy goals. State RPS targets range widely from 10 percent to 100 percent. In just the last two years, legislatures in California, Oregon, New Jersey, Massachusetts, Washington, Connecticut, and Maryland have all moved to expand their RPS targets. Ohio's goal of 12.5% is modest in comparison to the goals advanced in those states. 9 US States have committed to sourcing more than 50% of their electricity from renewable sources by 2030. 4 states have committed to sourcing 100% of their electricity from clean energy sources!

This massive adoption is largely due to the broad popularity of these policies across the country. It is no different here in Ohio, where a recent survey of registered voters in Ohio finds that 70% of Ohio respondents favor generating 100% of the state's electricity using clean, renewable energy sources like wind and solar by 2030.³ The policy especially resonates with Conservative voters, who are often focused on national security, conserving local resources, and market-based mechanisms to reduce the cost of the energy sources of the future. Recent polling from the Ohio Conservative Energy Forum finds that two-thirds of Conservative voters support expanding Ohio's commitment to clean energy to 50% of the state's electricity. These numbers continue to climb as support for renewable energy surges and wind and solar prices fall.

It is particularly problematic for Ohio to advance a policy that harms wind energy. Wind energy is a great American success story and Ohio is one of the most important parts of that achievement. Ohio has the largest wind energy manufacturing base of any state in the country. With over 60 factories in the state cranking out components for the wind industry, Ohio businesses supplying the wind industry and relying on demand for wind energy, employ thousands of workers in the state.⁴ And the potential economic

³ Greenberg Quinlan Rosner Research, *Strong Bipartisan Support in Ohio for 100% Clean Energy*, https://www.sierraclub.org/sites/www.sierraclub.org/files/program/documents/100_percent_Clean_Energy_Poll_Memo_OH_031918.pdf?scv=1521474166443&scv=1521476722397

⁴ AWEA, *Wind Energy in Ohio*, 2018, <https://www.awea.org/Awea/media/Resources/StateFactSheets/Ohio.pdf>

impact of wind energy goes far beyond the manufacturing opportunity, as increasingly, siting of corporate facilities for major US companies is linked to the availability of clean energy opportunities.

Nationally, wind energy prices have fallen 69% over the last decade, as wind has grown to supply 6.5% of all American electricity. This is a product of applying American innovation and expanding the manufacturing supply chain. When it comes to the high value turbine components like towers and nacelles, over 80% are manufactured in the U.S. In fact, the wind industry is a growing source of exports for the U.S. This momentum creates high-paying manufacturing jobs, like the ones at Timken in North Canton, or foundry workers in Elyria, or fiberglass workers at MFG global in Ashtabula, or torque drive manufacturers in Sharon Center.

Finally, it is important to note that any serious review of Ohio's renewable energy policies must include reconsideration of the draconian setback rules imposed as an amendment to budget legislation in 2014. These rules have significantly impeded the development of new wind resources in the state of Ohio and sent developers looking elsewhere to create jobs and economic development. Ohio can benefit enormously from reforming these problematic setback rules to allow Ohio to be a leader in deployment of new wind projects again.

Conclusion

The AEPS is a strong policy that drives cost-effective deployment of wind and solar while minimizing impacts on Ohio consumers. Ohio should not go down the path of effectively repealing this important policy, and certainly not under the narrative it will provide cleaner air and better public health. This bill will deliver worse air quality, poorer public health outcomes, a diminished economic outlook for the state, and disappointed voters who have made as clear as they can that they oppose this approach. We respectfully urge the Subcommittee not to pass this harmful legislation.

Thank you for your consideration of this testimony,

Andrew Gohn
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