



Senate Energy and Public Utilities Committee
Chairman Steve Wilson
Opponent Testimony on Substitute House Bill 6
Testimony of Lauren Miller
Regulatory Affairs, Sol Systems

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Chair Wilson, Vice Chair McColley, Ranking Member Williams, and Members of the Senate Energy and Public Utilities Committee, my name is Lauren Miller, and I work in Regulatory Affairs for Sol Systems. Thank you for the opportunity to speak to you today as an opponent to Substitute House Bill 6. Sol Systems is a solar energy developer, financier, and solar renewable energy certificate aggregator that helps homeowners and businesses save money by going solar. Sol Systems promotes business-oriented solutions to environmental challenges and advocates for sound public policy through competitive, market-based approaches. Ohio's Renewable Portfolio Standard, or the RPS, is one such competitive, market-based policy that we strongly support as it is designed to integrate efficiently with Ohio's re-structured retail electricity market and offers consumers choice while maintaining generation investment risk with the private sector rather than with ratepayers or taxpayers. However, the RPS and its benefits to Ohioans is threatened by HB 6.

In Ohio, Sol Systems assists thousands of homeowners and business-owners, your constituents, in monetizing their solar energy investments through the sale of solar renewable energy certificates ("SRECs") created by the RPS. Sol Systems does this through contracting with these homeowners and business owners to sell their SRECs on their behalf and then distributing payment to them on a recurring basis once we have sold their credits. Every single one of these thousands of homeowners and business owners that we work with would be negatively impacted by HB 6. The return on their investments in renewable energy, made in good faith based on previous policy of previous General Assemblies, would greatly diminish or disappear. In effect, HB 6 rescinds the promises of previous General Assemblies. Promises that these homeowners and business owners based investment decisions on. With the RPS passage back in 2008, the General Assembly sent a signal to invest in renewables and bring clean energy benefits to the State of Ohio. Our customers followed through on that signal and invested expecting SREC revenue as a key component to help them pay back their investments. With HB 6's repeal of the RPS, this key revenue stream for your constituents is being destroyed, making local infrastructure investments under the policies of the General Assembly less reliable.

However, our customers are not the only ones that chose to invest under the RPS, nor are they the only ones that stand to lose if it is repealed. Rather all of Ohio would be worse off. Ohio's RPS has been successful to date in creating new, in-state renewable energy resources and the economic benefits that come along with them – jobs, economic investment, lease payments to landowners, and tax revenue – not to mention the energy savings that accrue to renewable energy adopters. The RPS works because it is a transparent and accountable, market-based mechanism that facilitates private investment to cost-effectively achieve legally established and enforceable renewable energy targets. To date, Ohio's RPS has been extremely cost-effective. From 2008 to 2018, the cumulative total RPS rate impact has been less than 0.33% of cumulative total electricity expenditures for the entire state of Ohio. Over the same 10-year period, the RPS has fostered billions of dollars in asset finance, manufacturing, private equity and venture capital investments in Ohio. If the RPS were to remain intact, it is estimated that it would foster tens of billions in private investments by 2026 according to the American Council on Renewable

Energy and the U.S. Partnership for Renewable Energy Finance. These past and potential investments are pumped back into local communities and businesses.

However, despite the potential for billions in investments, none of it will happen without regulatory certainty. Regulatory integrity is essential to facilitating private investment and bringing down the cost of capital to build new infrastructure projects in Ohio – if passed in its current form, HB 6 would undermine this regulatory certainty and discourage investment in the clean energy economy, increase costs of capital for new generation investment, and increase ratepayer costs—all while being less effective in working to progress further in carbon reductions. HB 6 fails to encourage a diverse array of clean energy technologies while it harms existing investors, and removes the signal to invest in new clean energy resources.

Sol Systems respectfully does not believe that repealing the RPS is sound state policy. The proposal put forward in HB 6 for the Clean Air Program really does little to foster renewable energy growth. Contrary to claims by its proponents, HB 6 undermines competitive markets and will not allow for diverse participation nor meaningful private investment in new clean energy infrastructure when compared to the RPS. Key issues in the HB 6 that make it a sub-par policy compared to the RPS regarding renewable investment are as follows:

- HB 6’s definition of a “Clean Air Resource” limits renewable energy participation in the program to larger-scale solar facilities. Ohio’s renewable energy sector is currently diverse and made up of various technologies and projects of all sizes. In limiting participation to solar projects interconnected at the transmission level and that have obtained a certificate from the power siting board prior to June 1, 2019, HB 6 has left out a large swath of the solar energy sector that encompasses small, medium, and large projects interconnected at the distribution level alongside other technologies. While also doing nothing to foster future projects that are not already planned, with certification.
 - Whereas: Ohio’s existing RPS allows for diverse, ongoing participation in the market fostering growth of businesses that specialize in all technologies and project sizes across renewables sectors, not just large-scale solar projects. The RPS also allows for individual homeowners and business owners to make their own investments and still participate in the renewable energy credit markets as a means for return on their investments.
- There is no certainty in this bill that a “Clean Air Credit” will be received. No investor will finance a project for which there is no guarantee they will receive the incentive. The provisions in Section 3706.486 of the revised code create uncertainty around remittance of the funds. Leaving room open for doubt, especially in the case of solar projects, on if they will receive funds that were failed to be remitted in prior months. This is especially true for solar since nuclear projects are given precedent. This places a risk premium on investing in the program for solar, creating regulatory uncertainty within the statute itself and making it less financeable.
 - Whereas: Ohio’s existing RPS and its corresponding REC markets are an incentive structure that many financiers have become comfortable with over the years and across the country. There are privately-held hedging products available that provide forecastable REC revenue to a project, so long as external forces, like an RPS repeal by a legislature, don’t interfere in the existing markets.
- The provisions laid out in 4928.647(B)(1) allowing for an electric distribution utility to construct, lease, finance, or operate renewable energy resources for the sake of long-term power

purchase agreements dedicated to a customer or customers, is a form of re-regulation to Ohio's electricity market. Despite language limiting risk to participating customers, long-term power purchase agreements held by the electric distribution utility are antithetical to re-structured electricity markets and inherently shift the investment risk back onto ratepayers, making them the fallback option for recovery of costs.

- Whereas: Ohio's existing RPS has allowed for a robust market of third-party providers of power purchase agreements to customers looking to source renewable energy. A market solution that isolates risk to private investors and allows for more innovation in product offerings and consumer choice.

Each of these provisions makes this bill untenable to potential renewable energy investors. However, simply maintaining the Ohio RPS will overcome all these issues and allow for Ohio's renewable energy sector to continue to grow. A sector that has deployed billions of dollars of investment and could foster tens of billions more. A sector that employs tens of thousands of Ohioans and contains two of the fastest growing jobs in the country - wind technician and solar installer. A sector that could have grown even further and spurred more investment to date if it weren't for the Ohio General Assembly's repeated (and detrimental) alterations to this policy – such as the RPS freeze, the removal of in-state renewable generation requirements, and the introduction of onerous wind setback requirements legislated in 2014.

It is time for the Ohio General Assembly to give the RPS the support and regulatory certainty it needs to continue to bring the immense economic development benefits to the state of Ohio that it has done over the last 10 years. The clean energy sector is the next frontier for job growth and investment opportunity in the United States. HB 6 would set Ohio back years and prevent Ohio from truly participating in this ever-growing renewable frontier and the companies committed to it. Instead, in its current form, the provisions laid out in HB 6 appear to pick nuclear energy as a winner at the expense of other fuel sources and other Ohio-based industries. Sol Systems realizes that in the near-term nuclear energy is a dispatchable fuel source with low-emissions. However, compensating nuclear for its clean air attributes does not need to be done at the expense of other fuel sources and their future job growth in Ohio. Promoting nuclear energy and promoting renewable energy are not mutually exclusively goals, but this bill treats them as such, pitting one against the other for the same limited pool of funds. A pool of funds, that one source seems heavily favored to benefit from.

In conclusion, if the Ohio legislature is truly concerned with clean air and jobs (both of which we've heard from proponents), preserving the RPS is the number one thing you can do to truly promote renewable growth and future reductions in emissions alongside improvements in clean air quality for all Ohioans.

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

Sincerely,

Lauren Miller

Lauren Miller
Regulatory Affairs, Sol Systems