

EPU Witness Slip

ENERGY AND PUBLIC UTILITIES COMMITTEE

Witness Form

Today's Date 28 June 2019

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Organization Representing: Donovan Energy, LLC

Testifying on Bill Number: Substitute House Bill 6

Testimony: Verbal Written Both

Testifying As: Proponent Opponent Interested Party

Are you a Registered Lobbyist? Yes No

Special Requests: _____

Written testimony is a public record and may be posted on the Ohio Senate's website

Timothy P. Donovan
Partner



28 June 2019

Chairman Wilson
Ohio Senate Energy and Public Utilities Committee

Re: Testimony in Opposition to Substitute House Bill 6

My name is Tim Donovan and I am the founder and a Partner in Donovan Energy, a clean energy project development and finance company based in Cincinnati, Ohio. In 2013 I moved from California to Ohio explicitly to carry on the work of developing renewable energy and energy efficiency projects in the Midwest. At the time I moved, Ohio had a robust Renewable Energy Standard, arguably one of the strongest in the country. Since founding the company, we have grown to add 8 additional salaried positions and have developed and executed over 300 projects for both large companies and non-profit organizations. I have spent the past 25 years of my professional career in the energy sector and am a firm believer that a robust energy sector is important to the growth and prosperity of our State's economy.

My company, Donovan Energy is an energy project development company based in Cincinnati, that approaches energy in new ways to help our customers reduce energy use and save money. As stewards at the forefront of clean energy technology, we offer solutions that decrease energy costs (procurement), finance energy projects (PACE finance), reduce energy use (LED Lighting, HVAC and Building Envelope solutions) and produce renewable energy. We have a team of industry veterans powers energy savings for commercial and industrial customers, spanning education, commercial real estate, healthcare, municipal, manufacturing, nonprofit and parking.

I have studied the proposed legislation in as much detail as the short window of time has provided and I am in opposition to the bill in its current form. To provide additional context, I am providing detailed commentary on the specific areas of Substitute House Bill 6 below.

Nuclear bailouts

Donovan Energy does not support, but also does not oppose, the provisions of the bill that seek to shore up the operations of two nuclear plants in northern Ohio. Reasonable people can differ on the wisdom of charging customers extra money to support nuclear generation, and there is little question that if these plants ceased operating, carbon emissions in Ohio would increase (in the short term, anyway). That said, we are troubled by the fundamental unfairness of charging customers throughout Ohio for plants that most Ohioans don't benefit from. We are also troubled by the lack of transparency regarding whether these plants even need financial assistance. Our Ohio customers should know that if Sub HB6 passes, they may be assessed up to an extra \$1.50 for each MWh that they use, regardless of whether or not they shop with a competitive retail electric supplier.

Renewable energy

Substitute House Bill 6 would weaken Ohio's Renewable Energy Standard, both by lowering the overall standard (from 12.5% to 8.5%) and by removing Ohio's industrial load from the baseline against which the standard is measured. Passage would harm Donovan Energy's customers who have installed solar and who seek to install solar in the future, by a) weakening the SREC market, which provides modest but important cashflows for solar projects; and b) by signaling that Ohio doesn't support renewable energy, which will slow the maturation and competitiveness of our solar installation market. Since passage of the Renewable Energy Standard in 2008, the General Assembly has repeatedly tinkered with it, causing havoc and uncertainty. The Senate should strip these measures from the bill and give the market a chance to work.

Energy efficiency

Instead of repealing Ohio's energy efficiency standards altogether, as the original House Bill 6 proposed, Substitute HB6 makes a number of far-reaching and complex changes to the standards that will require days, if not weeks, of diligent study to fully understand. If the Committee is committed to voting on a bill yet this week, it should remove these sections entirely; it is both unwise and unfair to introduce such complicated, sweeping changes to the energy efficiency sector without giving industry stakeholders time to understand, digest, and form opinions on them.

That said, Donovan Energy opposes the most obvious changes to the standard, including the removal of utility shared savings incentives, which allow utilities to invest in bigger, better energy efficiency programs.

Coal bailouts

Donovan Energy strongly opposes the portions of the bill that allow the Public Utilities Commission of Ohio to sanction customer bailouts of two coal plants, one of which is not even in Ohio. In this respect, the Substitute bill represents a modest improvement over the original, in that the PUCO would not be required to bail out these coal plants with customer money. Still, these provisions represent an unwelcome intrusion of the Ohio General Assembly to support two of the oldest, least efficient, most polluting power plants in the country by giving them millions of customer dollars they don't deserve. These provisions should be rejected entirely.

I want to thank the committee for the opportunity to register my opposition and urge the committee to reconsider this bill.



Timothy P. Donovan
Partner
Donovan Energy, LLC