



State Representative Mark Johnson
State Representative Justin Pizzulli
Sponsor Testimony - House Bill 264
House Energy & Natural Resources Committee
October 4, 2023

Chairman Kick, Vice Chair Lear, Ranking Member Rogers and members of the House Energy and Natural Resources Committee. Thank you for allowing us to present sponsor testimony on House Bill 264 which would broaden the qualifications necessary for certain companies to receive renewable energy credits.

As the law is currently written, companies can only qualify for renewable energy credits if the renewable energy source is used to turn a turbine or generator to generate electricity. There are a few facilities in Ohio that harness and use steam to power some of their operations, but the steam isn't used to generate electricity. What the Ohio Revised Code doesn't currently take into account, is if these facilities are still displacing carbon emissions, which is the ultimate goal of the renewable energy portfolio standard.

This issue was brought to my attention by SunCoke Energy, a raw material processing and handling company, with a facility operating in Middletown, Ohio. They capture steam and transfer it to a neighbor company, which then uses the steam to power a distillation process for petrochemicals. My joint sponsor and I feel that this use of steam power should allow SunCoke, and other facilities that similarly utilize steam power, to qualify for renewable energy credits.

Not allowing these companies to receive renewable energy credits is simply an oversight in the Ohio Revised Code, which House Bill 264 would correct. Thank you for the opportunity to offer sponsor testimony on this bill. I will now turn the microphone over to Representative Pizzulli to offer his testimony.

Chairman Kick, Vice Chairwoman Lear, Ranking Member Rogers, and esteemed colleagues of the House Energy and Natural Resources Committee, thank you for the opportunity to testify on House Bill 264, which will expand the type of facilities that are eligible for the Renewable Energy Tax Credit in the State of Ohio.

I'd like to begin by providing a little background on this bill. This legislation was inspired by a local job creator in my district, the SunCoke Energy facility located in Franklin Furnace, Ohio. If you don't know much about Franklin Furnace, it is nestled in the picturesque foothills of Appalachia – a place I proudly call home – and has a population of 1,795 resilient individuals.

In my hometown, employment opportunities are precious commodities, often few and far between. SunCoke, however, has been a steadfast pillar of support for our community over the years. Whether through providing gainful employment to the dedicated men and women of our town or contributing to the welfare of our local school, SunCoke's impact is undeniable.

SunCoke Franklin Furnace is not just any industrial facility; it's the pinnacle of cleanliness and quality in the realm of coke production. Renowned German engineers have deemed it the "Mercedes Benz" of its industry, proudly manufactured right here in the great State of Ohio.

The jobs directly created by SunCoke are not only vital to our local economy, but also have a substantial ripple effect throughout the broader region. As a commercial railroad conductor, I personally play a role in this ecosystem, transporting coal from our county to a coal sorting broker that supplies the highest-grade burning BCU's in the nation – coal that eventually finds its way to SunCoke Energy. This intricate web of businesses supports and uplifts the entire Appalachian community.

Furthermore, SunCoke's strategic location within an industrial park offers a unique opportunity to distribute renewable energy to new enterprises, fostering an environment ripe for good-paying job creation. Appalachia stands ready and eager to embrace these opportunities for economic growth.

The proposed legislation holds promise not only for Appalachia, but for all of Ohio. Our state heavily relies on approximately 30% of its energy input. It is imperative that we encourage our steam-producing industries to transition to renewable energy

sources, ensuring that no energy sector gets left behind in our pursuit of clean energy expansion.

Incorporating the innovative aspects of this legislation, it's vital to understand the distinction between Renewable Energy Credits (RECs) and tax credits. RECs, tangible assets given for producing renewable energy, serve as a testament to sustainable practices and can be held or sold on the market. Our bill extends these credits to facilities like SunCoke, capturing waste steam not only to generate electricity as they already do in half of their plant, but also to power a separate manufacturing process – in our case, distillation. This approach, boasting an impressive efficiency rate of around 90%, significantly reduces our carbon footprint while fostering economic viability.

Moreover, our forward-thinking strategy prevents potential reliance on non-renewable sources. If waste steam were diverted to turn turbines, facilities like Altivia, a neighboring industry which partners in this mission, might resort to burning natural gas, counteracting our clean energy goals. By encouraging the use of waste steam in manufacturing processes like distillation, our legislation not only promotes sustainability but also maximizes efficiency, benefiting individual facilities and contributing significantly to Ohio's broader renewable energy objectives.

In conclusion, I urge you to consider the profound positive impact this legislation will have on both Appalachia and our state as a whole. Let us seize this opportunity to not only preserve but enhance our community's' livelihoods while contributing to a more sustainable and prosperous future for all. Thank you again for the opportunity to testify on House Bill 264 and we will accept any questions at this time.