Testimony of Scott Elias, Vice President of Policy and Market Development, CleanCapital

To the

House Public Utilities Committee—Testimony for H.B. 197

Dear Chairman Stein, Vice Chair Robb Blasdel, Ranking Member Weinstein and Members of the House Public Utilities Committee, thank you for the opportunity to provide testimony once again in strong support of H.B. 197 which aims to establish a Community Solar Pilot Program in Ohio that we plan to invest in.

Introduction

My name is Scott Elias, and I am the Vice President of Policy and Market Development at CleanCapital. CleanCapital is a diversified clean energy investment platform, among the top commercial solar asset owners in the US, and has deployed over $1 billion to fund solar and storage projects across 26 states and one U.S territory.

HB 197 is a Pro-Business Bill

There have been several hearings and interested party meetings about how to best bring community solar to Ohio. HB 197 now reflects intentional changes to ensure that communities across Ohio have an opportunity to choose whether to reduce their electric bills by subscribing to community solar facilities funded by private, non-utility investments. This includes a framework for communities to reap the benefits of solar energy more easily, but not on the backs of those who choose not to opt in.

When I last spoke before this committee, I argued that community solar remains an untapped economic opportunity in Ohio, that community solar contributes to energy resilience and grid reliability, and that Rep. Hoops and Rep. Ray have presented a forward-thinking approach that can transform Ohio Brownfields into Brightfields. I spoke about how HB 197 is a pro-business bill that will unleash private investment, expand Ohio's economic growth, and contribute towards a more diverse, flexible energy portfolio that better balances the demands of a growing and evolving grid.

I stand by those words and would also like to respond directly to the criticisms you've heard about HB 197 and set the record straight:

1. *HB 197 does not expand net metering or significantly harm ratepayers.*
2. *HB 197 does not transfer risk from private developers to the utilities or ratepayers.*
3. *Community solar is one of many tools that will help balance the demands of Ohio's growing and aging grid.*

HB 197 Does Not Expand Net Metering or Significantly Harm Ratepayers

Utilities are correct that this bill does not reform net metering. However, HB 197 is solely focused on establishing a Community Solar Pilot Program and does not contain a single new provision in law related to net metering. Claims suggesting otherwise are simply inaccurate.

In fact, the Ohio Manufacturers' Association's energy consultant stated in a memo that the primary credit rate in HB 197 "appropriately values avoided generation and transmission costs and does not shift costs to other ratepayers."

Cost-Benefit Analyses Show Private Investments in Community Solar Bring Value to All Ratepayers

Any credible financial assessment of HB 197 must consider both costs and benefits of a community solar program. Recent testimony before this committee suggested HB 197 would lead to a cost shift of $5 per month for non-subscribers of community solar. This is implicitly inaccurate because none of the benefits are calculated to ratepayers and Ohio's grid.

Numerous cost-benefit analyses, such as Karl Rabago's study, show that the private sector investing in smaller projects built on the distribution network — like community solar — bring unique benefits to all ratepayers on the grid. When those benefits are accounted for, it becomes clear that a robust Community Solar program offers substantial cost benefits to all Ohio's utility customers – including those who do not participate in the program. When accounting for both benefits and costs the community solar program contained in HB 197 would have a rate impact of less than 90 cents per month for the average Ohio residential customer.

That's because if companies like mine invest in the construction of community solar projects on the distribution system, closer to where energy is being consumed, private capital is helping make more efficient use of existing infrastructure and allowing utilities to avoid poles, wires and transformer costs they would otherwise pass onto ratepayer. Additionally, generating electricity locally can reduce the need for electricity to be transmitted over long distances, which can help alleviate congestion on transmission lines and reduce energy losses. Put simply, community solar is a business solution that offsets transmission charges, defers electric system upgrades, leverages private capital to upgrade the distribution system, reduces the need for the utility to purchase and transport fuels to existing power plants, flattens energy usage during peak times, and is another tool we have at our disposal to deliver more power at lower emissions, both reliably and cost effectively.

Unlike Smart Grid Phase 2 Plans, which are ratepayer funded investments in grid infrastructure by regulated monopolies, community solar leverages the power of the private market, customer demand, industry competition, innovation and decentralization to shift risk off ratepayers and improve our centuries old grid. It will not be ratepayers, but the debt and equity private developers raise, that invests in the development, construction, and operation of community solar facilities in Ohio, as well as the grid upgrades necessary to interconnect these facilities.

Failure to account for the benefits from locally generated community solar perpetuates an incomplete narrative that hinders potential business solutions to Ohio's growing energy needs.

Community solar will help balance the demands of Ohio's growing and aging grid.

States like Ohio are facing unprecedented power demand growth, and policy needs to catch up to send the right signals to private enterprise to invest, innovate, and expand so that we deliver power where it is needed reliability and cost effectively. HB 197 will help do that.

It is inaccurate to claim community solar does little to help meet the demands of a growing grid when community solar reduces net load on the grid, especially on sunny days, which often coincides with periods of high electricity demand due to air conditioning usage. By offsetting the demand for electricity from the PJM spot market, Ohio's imports and payments for wholesale electricity procured through PJM will decrease.

Put differently, the private sector investing in smaller projects built on the distribution network — like community solar—means that electric distribution utilities can reduce the amount of electricity they need to procure from traditional power plants far away, where electricity is transmitted across transmission lines that subsequently deliver that electricity to homes and businesses through the distribution system.

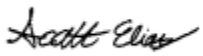
HB 197 introduces innovation to how Ohio generates, transmits, distributes, and consumes electricity, but the world is changing fast, and the policies that govern the electric grid must evolve with it.

Conclusion

With HB 197, Ohio can reduce dependency on imported energy, encourage private investment, and give communities across Ohio an opportunity to choose whether to reduce their electric bills by subscribing to a portion of a solar project funded by private, non-utility investments.

Thank you for your time and consideration. I am available to answer any questions you may have.

Sincerely,



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