

Proponent Testimony – H.B. 197

Presented By Joe Henri

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Chairman Stein, vice-chair Robb-Blasdal, ranking member Weinstein, and members of the committee. My name is Joe Henri and I am the Senior vice-president of Policy at Dimension Renewable Energy. I am here today to express support for H.B. 197 sponsored by Representatives Hoops and Ray. We appreciate the committee's consideration of this legislation, which we believe will benefit Ohio's energy landscape.

Dimension Renewable Energy ("Dimension") is a developer and long-term owner of community solar projects. We have more than 400 projects in development, construction and operation across the United States. Our projects range from Maine, to New York, New Jersey, Pennsylvania and Virginia in the East, to Illinois, and California. We have sites under contract for future development and investment here in Ohio. Dimension team has years of experience across all disciplines of community solar development, including real estate, engineering, financing, operations, and community engagement. Dimension's work is backed by committed financing from Partners Group, a global institution with \$131 billion of assets under management. We have the resources and commitment to be a reliable presence in our communities.

Dimension operates programs like the one envisioned in HB 197. Our projects are 5 megawatts or less, and generally require 25-30 acres of land, or a large warehouse roof. Community solar projects like ours occupy a middle ground between small, rooftop solar systems and large, utility-scale projects that require hundreds of acres of land. As an industry, we optimize the use of existing infrastructure, generate power where it's needed, and provide low-cost renewable electricity to surrounding communities.

At Dimension, we believe responsible development starts on day one. From site acquisition and interconnection, to permitting, construction, and operation, Dimension works directly with local stakeholders every step of the way to ensure our projects reflect the needs of the community. Not every community wants a solar project in their jurisdiction, and that's the beauty of these relatively small, distributed generation solar projects. Towns, cities, and counties have control over whether community solar projects are built in their jurisdiction. We don't want or need to force a project against the wishes of a local community.

Opponents of this bill have presented testimony criticizing the concepts and preparing what they believe to be the cost-shifting onto non-participating residential customers. The analysis suggested that the cost-shifting could be \$5 per month to each customer's bill, a significant increase in all electric costs. Additionally, opponents have raised other issues, such as an implicit subsidies, questioning whether subscribers will actually get savings, the safety of the electric grid, and whether there will be any customer demand for community solar.

The incumbents' concerns echo the objections raised by utilities in every state that has adopted community solar, and despite that, there are now more than 20 successful programs across the country. Their objections are founded on a lack of familiarity with solar and a misunderstanding of how community solar works. We appreciate that those who have provided cost analyses have also provided

everyone with the calculations behind their calculation; educating each other and correcting errors will lead to better public policy. We found several errors in what has been presented to the committee:

- There is an overestimate on solar production in Ohio which is leading to overestimates of the amount of purported cost shift. Their analysis assumed solar project yields of 24%, which are closer to the yield of a project sited in the desert regions of Arizona, compared to a more reasonable Ohio project yield of 17%.
- Their calculations assume residential customers shoulder a disproportionate amount of any cost shift, allocating 45% of the purported costs to their residential customers. In the information provided annually to the Energy Information Agency, residential customers make up only 32% of the total energy sales. This miscalculation exaggerates the purported cost shift.
- Current calculations ignore the value of the energy it receives from community solar projects. Energy provided to them from community solar projects is energy that is not required to be purchased for its customers and this value should have been captured in their calculations.

Taking a step back from this worksheet, it's important to note that they presented a cost analysis, not a cost/benefit analysis.

- The calculations do not assume any other benefits from the community solar program envisioned in HB 197. In addition to bringing billions of dollars in investment to Ohio communities, supporting family farms, providing high-paying construction jobs, procuring services from a wide range of Ohio companies, and providing property tax income for decades to come, the HB 197 community solar program will reduce wholesale electric prices for all of Ohio's load-serving entities. Community solar projects are built on the utility distribution system and directly offset retail load. Reducing utility electric demand for wholesale energy will help suppress wholesale prices. All else equal, if energy supply remains constant but demand falls, prices will fall as well.

When the analysis is corrected for yield, the number of residential customers, and the value of energy provided, the impact on residential ratepayers falls from \$5.19/month to only \$0.69/month. The Dimension team did not attempt to calculate the additional value of wholesale price suppression. Had we included that benefit, the cost to non-participants would have been reduced further or eliminated altogether.

Incumbents' other concerns shrink in a similar fashion when put in context.

HB 197 does not include any subsidies, implicitly or explicitly, for community solar projects or subscribers. It does create the opportunity for Ohio to benefit from a wide variety of Federal programs, ranging from investment tax credits to the Environmental Protection Agency's "Solar for All" program which could provide [hundreds] of millions of dollars. Without the community solar program created by HB 197, Ohio will not receive these benefits.

They were also concerned that community solar subscribers would not receive savings from their participation in a project. Community solar projects are paid by their subscribers through a share of the bill credit. Typically, subscribers keep between 10% and 20% of the bill credit they receive from their

utility and remit the remainder to the community solar project. The amount subscribers keep is determined by program rules, which often set a minimum, and competition amongst community solar projects who offer greater savings to attract more subscribers to their project. The revenue for a community solar project comes from subscribers—not the utility—so projects are highly incentivized to stay fully subscribed and maintain a waiting list. Subscribers are never out-of-pocket due to their participation on a community solar project.

HB 197 keeps the grid safe. It requires projects to interconnect to utilities using their existing tariffs. Each project will be carefully reviewed by each utility's interconnection team and the costs to safely interconnect the project will be born exclusively by the project—not ratepayers.

Finally, there seems to be concerns there won't be a demand for solar power. While that concern is well-founded for most utility-sponsored community solar programs that charge a premium, the program envisioned in HB 197 provides savings every month and any concern it might not prove popular is unfounded. Dimension has found customers are always interested in opportunities to save money on their electric bills. We hope to be able to offer this opportunity to the people of Ohio so they can benefit from the same energy cost reductions, jobs, and energy choice as Dimension's customers in other parts of the United States.

Mr. Chairman, I hope this information helps provide the committee with better context around the concerns that have been raised by opponents and enhances the understanding of the value that community solar can bring to Ohio. I would be happy to answer any questions.