

Testimony of Mel Kurtz
quasar energy group, President
Opposition Testimony for Ohio Senate Bill 320
November 29, 2016

Chairman Balderson, Vice Chairwoman Jones, Ranking Member Gentile, and Members of the Ohio Senate Energy and Natural Resources Committee, thank you for the opportunity to testify today. I am here to testify in opposition to Senate Bill 320.

A crucial component of a state's energy policy must be a diversified portfolio of reliable energy resources that can respond to changing circumstances, including national security considerations. Ohio should also consider the role renewable energy will play in Ohio's energy security and economic development future.

THE COMMITMENT OF SB221:

Investment in Ohio renewable energy projects and manufacturing infrastructure was based, in part, on the legislature's clear commitment to diversify the state's energy portfolio and address homeland security concerns while improving the air, soil and water for future generations. SB221 sent a message to the nation's renewable technology developers that Ohio was open for business. Companies across the country invested in renewable energy infrastructure, trusting that Ohio's pledge to achieve 25% of its electricity from renewable resources by 2025 was a long term commitment.

SB310, "froze" the renewable energy mandates at 2014 levels. This may sound like a simple "time-out" but, for companies that invested in Ohio facilities, it resulted in driving the Ohio in-state REC value into the ground. quasar alone forfeited more than \$500,000 in REC credits. The message to investors considering additional renewable energy projects is clear – Ohio is closed for business.

WHY DOES RENEWABLE ENERGY NEED AN RPS?

Sad but true the electric utilities are picking the technologies that will be the winners and losers in Ohio's energy portfolio. Since 2008, renewable energy companies have invested billions of dollars in Ohio's economy to produce energy which can't be monetized because electric utilities are not compelled to collaborate. quasar alone has more than \$20,000,000 in stranded energy assets because the utilities paid to maintain the grid infrastructure will not concede to having other public utilities and renewable producers move our electrons and pay a reasonable fee to do so.

Ohio's Renewable Portfolio Standard (RPS) is a logical avenue through which renewable energy companies in essence earn a reward. Unlike electric utilities, we only earn money if we *make and sell the power*. For companies like quasar the REC revenue goes to the utilities anyway to remunerate them for feasibility studies, interconnect engineering and more. In one circumstance the utility demanded \$250,000 to perform a feasibility study before telling us what the interconnect could cost! Another stranded Ohio asset!

Ohio should implement a standard interconnection process with guaranteed approval timeframes and non-compliance penalties which allows renewable energy companies to compete in the marketplace based on merit. Such a process would encourage private investment and electric grid security. The requirement for electric utilities to cooperate in a timely manner would promote the development of more than 200 half-built Ohio power plants (i.e. wastewater treatment plants). The same applies to

hundreds of Ohio dairy farms. The result would be hundreds of new profit centers resulting in reduced rates and commodities and a means to finance evolving nutrient management requirements without tax payer participation.

ESTABLISHING A STANDARD INTERCONNECTION PROCESS:

Electric interconnection and wheeling parameters encouraging distributed generation processes should be enacted forthwith.

1) **Establish a clear and consistent interconnection process.** Legislation is required to create a process whereby DG entities have a clear path to logically monetize electrons within the guidelines published by the utility and approved by the PUCO. The utility will have the option to acquire the same electrons (giving them the option to purvey them directly) or capture a wheelage fee (competitive rates to be published) from the DG. A wheelage fee would allow the DG the opportunity to monetize the electrons and justify private investment. Otherwise, the electric utility would compensate the DG for electrons at commercial rates.

2) **Guarantee approval within 90 days:** The “approval process” must be transparent, electronic and completed within 90 days. In the event the Public Utility fails to meet the agreed upon process parameters it would pay a fine per failure and a multiplier if the delay is repeated against the interests of the same DG or DG holding company. Revenue from utility fines would be split between the PUCO and the DG injured by the Public Utility and distributed within 90 days. The Utility will publish the # of applications (timely and delayed) on a quarterly basis. This process already exists in multiple states.

ENCOURAGING THOUGHTFUL DEBATE:

Today, the General Assembly is asked again to consider multiple versions of legislation regarding the RPS. The last legislation had unintended consequences which cost quasar alone more than \$500,000/year. The solution for the industry is to create legislation requiring the electric utilities to partner with the DG’s, other public utilities and the agricultural community. Until that is accomplished we ask you to do no harm by letting SB 221 standards return to law.

Please don’t rush passing legislation – encourage thoughtful debate in 2017 to develop an energy policy which benefits consumers, wastewater treatment plants, agriculture, the environment, and grid security by investments in the renewable energy industry.

I appreciate your time and consideration today. I welcome any questions the committee may have.

Thank you,

Mel Kurtz
President