

Testimony of Ms. Sara Rafalson
Director, Policy & New Markets, Sol Systems
Regarding SB 320
Before the Senate Energy & Natural Resources Committee
Ohio State Senate

November 29, 2016

Chairman Balderson, members of the Committee, thank you for the opportunity to testify today. I come to speak to you as an employee of Sol Systems (www.SolSystems.com), a solar energy finance and development firm. We have offices in Washington, D.C., San Francisco, and most recently, Willow Grove, Pennsylvania. To date, we have financed over 550 megawatts across the country, which is enough to provide electricity to 71,347¹ homes. We have 782 customers in Ohio spread over about 14 megawatts of solar projects. That may sound like a lot, but in comparison, we have almost twice as many customers in Pennsylvania, and over three times as many in Maryland, a much smaller state. In North Carolina alone, we have installed about 13 times as much solar as we have done in Ohio.

Our business was founded in 2008 and built around the renewable energy portfolio standards in states such as D.C., New Jersey, Pennsylvania, and of course, Ohio. We partner with local and regional installers to provide them with financing options that have been made possible from the solar carve-out provisions within each RPS. Our early successes in these markets have allowed us to diversify our financing products, aiding further business expansion.

When I began at Sol Systems in 2011, we had 8 employees and worked around a conference room table. Today, we have almost 70 and counting, and we opened the Pennsylvania office earlier this year. Nationally, the solar industry employs 208,859 employees, and this number is growing exponentially year-over-year. The solar industry is adding workers at a rate nearly 12 times faster than the overall economy.²

Because we at Sol Systems have seen first-hand the positive effects that renewable portfolio standards have on economic growth, particularly in the state of Ohio, I stand before you and ask that you vote against Senate Bill 320. Let's end the rhetoric so we can build an industry.

Ohio has a Modest Renewable Energy Target

Of the 29 states [plus Washington, D.C. and 3 U.S. territories] with renewable portfolio standards (RPS), Ohio's 12.5% is among the more modest, in the bottom 7 or 8 states³. Of that group, some states, such as Michigan, which currently has a 10% by 2015 standard, are actually considering legislation to increase their standards; in Michigan's case, legislation is currently pending to *increase* its targets to 15% renewables. Other states with lower, more modest standards on par with Ohio hope to achieve those goals in a much shorter time frame. In other words, Ohio's renewable portfolio standard requires less renewable energy than other states, and provides a very generous, long runway to get there. If the RPS is unfrozen, I guarantee that it will be easily achieved.

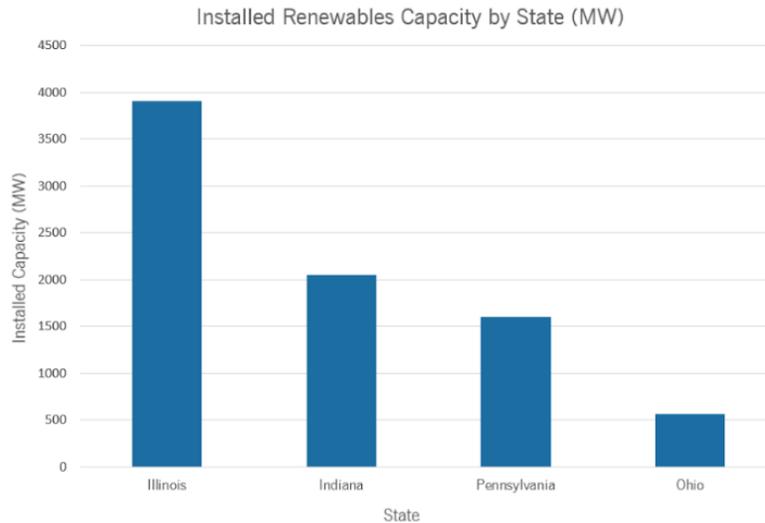
¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

² <http://www.thesolarfoundation.org/national/>

³ <http://ncsolarcen-prod.s3.amazonaws.com/wp-content/uploads/2014/11/Renewable-Portfolio-Standards.pdf>

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While state legislatures across the country are increasing their renewable portfolio targets to 25, 40, or even 50%, Ohio lags behind at a modest 12.5% and is the only state to date to freeze its renewable energy targets. As a result of the RPS freeze, Ohio lags behind its neighbors in renewable energy deployment.



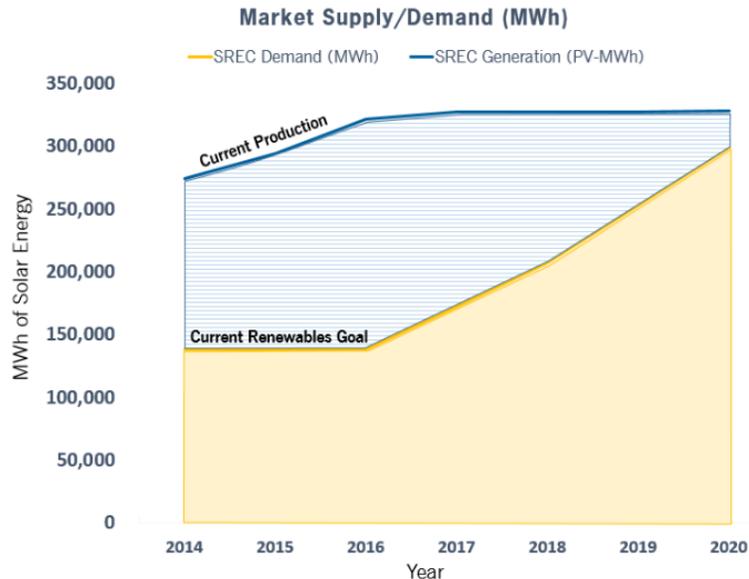
Ohio lags behind its neighbors in renewable energy deployment. Source: SEIA & AWEA

Ohio's Modest Renewable Energy Target is Easily Achievable

Our analysis shows that, if continued, the modest 12.5% RPS will be easily achieved. The Governor's staff agrees, and the Public Utilities Commission has shared similar data. Before the freeze, the Public Utility Commission of Ohio's 2014 compliance report showed that both electric distribution utilities (EDUs) and the competitive retail electric service (CRES) providers had not only met but exceeded their renewable energy and solar procurement targets.⁴

⁴ <http://www.puco.ohio.gov/puco/index.cfm/industry-information/industry-topics/ohioe28099s-renewable-and-advanced-energy-portfolio-standard/#sthash.KH3jOkk6.93rkx0Gl.dpbs>

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Ohio has one of the most modest renewable portfolio standards in the country, and would be easily met if allowed to continue.

The RPS is achievable and modest. If that is the case, why have we spent so much time on this discussion? Has the Committee heard testimony otherwise, and if so was that testimony backed by factual information?

The RPS Comes at a Low Cost to Ratepayers

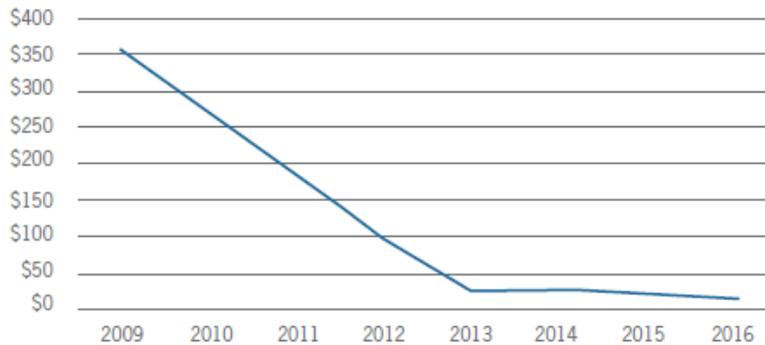
According to the U.S. Department of Energy, the number of solar installations in the United States has grown nearly twenty-fold since 2008.⁵ This increase in volume of solar installations has largely been driving by plummeting prices. Since 2010, the cost of a solar electric system has gone down by 70%.

As solar costs continue to fall, the cost of complying with a renewable portfolio standard declines as well. The cost of compliance has fallen as the price of solar renewable energy certificates (SRECs), the environmental commodity that utilities and energy suppliers must procure to comply with the renewable portfolio standard, has also fallen. This means that Ohio utilities have a lower cost path to achieving compliance than they did even a few years ago. In fact, renewable energy certificate prices have fallen in step with predictions across all states with compliance standards.

⁵ <http://energy.gov/sites/prod/files/2015/08/f25/SunShotfactsheet2015.pdf>

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AVERAGE COST OF SOLAR RENEWABLE ENERGY CERTIFICATES



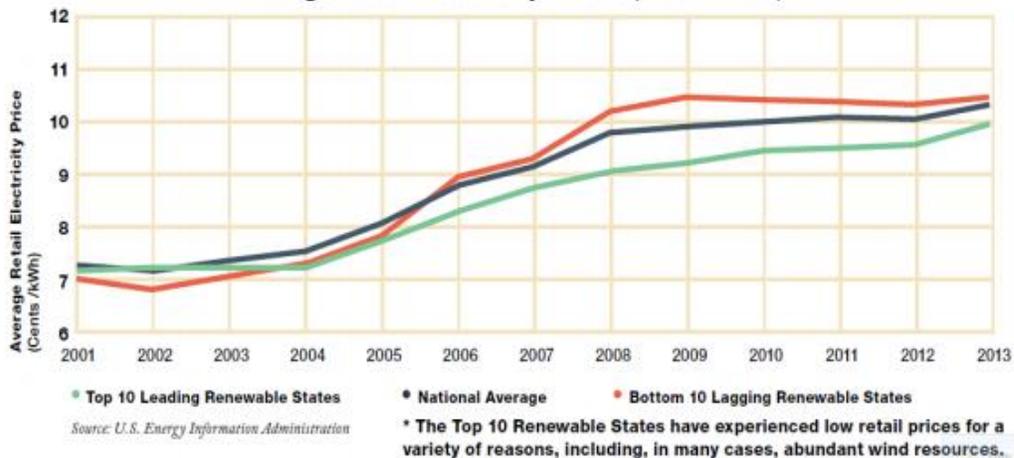
The cost of complying with the renewable portfolio standard continues to fall. Source: PJM-GATS pricing data

The Public Utilities Commission of Ohio estimates the monthly cost of the renewable portfolio standard (RPS) monthly costs to consumers at around 14 – 79 cents, or an average of 29 cents across all utility territories.⁶ That’s not cost net of benefits that solar brings. It’s not net of economic development. It’s not net of reductions in electric price volatility that solar brings.

States with More Renewable Energy Pay Less for Electricity

Information from the U.S. Energy Information Administration shows that states with more renewable energy penetration are actually paying less for electricity than states with average or below average levels of renewable energy penetration.

Average Retail Electricity Prices (2001 – 2013)

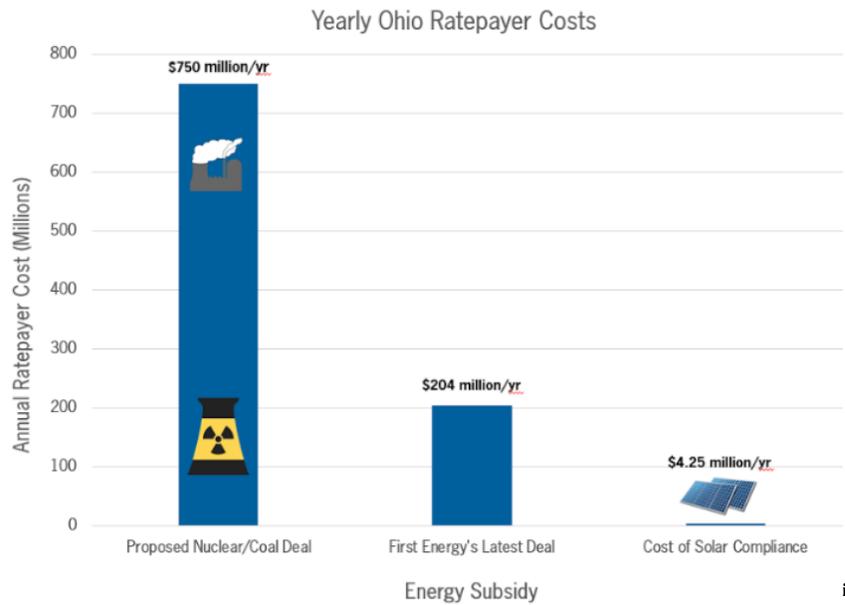


⁶ <http://www.puco.ohio.gov/puco/index.cfm/industry-information/industry-topics/ohioe28099s-renewable-and-advanced-energy-portfolio-standard/aer-rates-4q-2016/>

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Conclusion

The Ohio RPS is modest, achievable, and comes at a very low cost to ratepayers, especially when compared to other recent subsidies that have been discussed at the Commission this year.



ⁱ <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=8c4ef2f3-e0bc-4625-85a7-083f6fb00482>