



OEC [Action Fund]

Proponent Testimony
Ohio Senate Bill 117 (Romanchuk/Craig)
Ohio Senate Energy and Public Utilities Committee
May 12, 2021

Good morning Chair Peterson, Vice Chair Schuring, Ranking Member Williams; I am Miranda Leppla, Vice President of Energy Policy for the Ohio Environmental Council (OEC) Action Fund. Thank you for allowing me to provide proponent testimony on Ohio Senate Bill 117 (SB 117). While I wish I could present this testimony in person to be able to have a more meaningful dialogue with you, the ongoing pandemic prevents me from safely doing so, and virtual testimony is still not an option.

Our organization, celebrating its 52nd anniversary this year, works to secure healthy air, land and water for all who call Ohio home. The OEC Action Fund supports Senate Bill 117 because it repeals and terminates subsidies for the Ohio Valley Electric Corporation (OVEC), which consists of two aging and polluting coal plants, and requires the OVEC entities to refund the money collected from Ohioans. At a time when coal plants are closing across the country because they simply are no longer competitive, and when we can least afford to continue releasing harmful emissions from fossil fuels into the air, Ohio's corrupt House Bill 6 (HB 6) was the mechanism to extend and expand these subsidies, propping up these two coal plants that no longer make economic or health sense for our state. SB 117 ensures that Ohioans no longer have to pay for uncompetitive, dirty coal plants. OEC Action Fund fully supports this bill and appreciates that Senators Romanchuk and Craig introduced it, as we believe Ohioans deserve a full and complete repeal of HB 6, not only because of the corruption that has been uncovered surrounding its passage, but because it is bad energy policy for Ohio.

What is OVEC? The Ohio Valley Electric Corporation (OVEC) owns two coal-fired power plants built in the 1950s: Kyger Creek Generating Station, a 1.1-GW coal-fired power station located in Cheshire, Ohio, and Clifty Creek Generating Station, a 1.3-GW coal-fired plant located in Madison, Indiana. Every year, Kyger Creek and Clifty Creek produce thousands of tons of coal ash, mercury, smog-forming pollutants and carbon dioxide, as well as other pollutants. Kyger Creek released over 5.7 million metric tons of greenhouse gas emissions in 2019 alone,¹ and is estimated to be responsible for 419 asthma attacks and 43 deaths each year.²

These plants are co-owned by a number of entities, including Ohio investor-owned utilities, which are part of the OVEC membership. The plants are losing money each month because they are no longer competitive, but also because of imprudent operating decisions by the OVEC members. In 2011, the OVEC members made the decision to stay together as a competitive generator, signing a binding

¹ <https://ghgdata.epa.gov/ghgp/main.do>

² [https://www.tollfromcoal.org/#/map/\(title:2876/detail:2876/map:2876/OH\)](https://www.tollfromcoal.org/#/map/(title:2876/detail:2876/map:2876/OH))

agreement that would keep them together and operating the coal plants until 2040. Presumably they assessed the market and environmental risk they were taking on, but even in 2011, a decision to continue operations through 2040 was imprudent as Ohio was 2-3 years into the emerging shale gas boom which was stabilizing and keeping electricity prices low, and demand for electricity was also low because we were still recovering from the great recession.

With these types of consistent and continuing monetary losses, the utilities involved in OVEC began seeking subsidies from the Public Utilities Commission of Ohio (PUCO). Prior to House Bill 6, AEP Ohio, Duke Energy, and AES Ohio (formerly Dayton Power & Light) had been receiving subsidies for the two plants after obtaining approval through filings at the PUCO by showing the bailout was needed. The subsidies for the utilities were set to expire between 2023-2025, varying by utility.³ The PUCO's own audit has since recognized that the OVEC coal plants are bad for Ohio consumers. A 2020 independent audit of the OVEC bailout commissioned by the PUCO noted the OVEC bailout has resulted in continued losses for Ohio customers, due in part to the times where cost of operating exceeds the revenue, which has led to further increased costs to customers.

House Bill 6 then expanded and extended the OVEC subsidies. In 2019, House Bill 6 (HB 6) expanded and extended the OVEC subsidies through 2030 for AEP Ohio, Duke Energy, and AES Ohio (formerly Dayton Power & Light), while also requiring FirstEnergy customers to pay for the OVEC plants now as well. Additionally, HB 6 changed the PUCO standard of review necessary for the OVEC bailout to continue through 2030. Instead of having to prove to the PUCO a bailout is *needed*, HB 6 only requires a prudency review, the first of which will be this year. In other words, the utilities are provided a bailout and must just demonstrate the revenue is spent prudently, not that it is needed to continue operations. This is a significantly different standard than what the PUCO had previously determined was necessary for the utilities to prove they should be allowed to charge Ohioans additional money to subsidize the coal plants, and one that should be rejected given the low costs of other forms of energy available for Ohioans. HB 6 also contained no plans or preparation for the eventual closure of the nearly 70 year old plants, making it likely that Ohioans will continue to foot the bill through 2040 when the OVEC agreement expires.

Passing SB 117 will put Ohio back on track toward a competitive energy marketplace, and a healthier future for Ohioans. It is critical that the legislature continue to repeal the other negative components of HB 6, and SB 117 is another important step toward protecting Ohioans' health and their wallets. Without a repeal of the OVEC subsidies, these two coal plants will continue to have a guaranteed revenue coming out of Ohioans' pockets, and the plants will continue to pose an environmental and public health threat. HB 6 was a step in the wrong direction for Ohio, but SB 117 can help steer us back on course. Repealing the OVEC coal subsidy components of HB 6 is one of the most important components of the bad energy policy passed as part of HB 6 that should be remedied. Otherwise we are continuing to send Ohioans' hard earned dollars to subsidize coal plants, one of which is in Indiana, that hurt our health and our pocketbooks.

OEC Action Fund urges passage of SB 117. For years we have heard Ohio policymakers state support for an "all of the above" energy policy, and a competitive marketplace to ensure inexpensive, reliable

³ Original end dates were: May 31 2025 for Duke Energy; May 31, 2024 for AEP Ohio; Nov 1, 2023 for AES Energy (DP&L).

energy sources for Ohioans. Despite repeated claims of support for that strategy, HB 6 clearly picked winners and losers, subsidizing aging nuclear and dirty coal plants, while eliminating cost saving energy efficiency programs for Ohioans, and incentives for renewable energy. Research indicates that competitive markets for the supply of electricity and capacity are encouraging cleaner, more efficient resources to come online faster, but subsidies for fossil fuels alter the market and will artificially prolong the life of these coal plants. In fact, due to the rapid decline in costs for wind and solar, and the expense of fuel and maintenance for coal plants, renewables are becoming cheaper than coal even faster than anticipated.⁴

Passing SB 117 is critical to putting Ohio back on track toward a clean energy future by repealing and blocking subsidies for polluting coal plants that hurt Ohioans' pocketbooks and our health. OEC Action Fund hopes legislators will work to bring a balanced and level playing field for all forms of generation in Ohio, instead of picking winners and losers based upon the type of energy generation. Thank you again for the opportunity to submit testimony, and our team looks forward to working with you on sound and balanced energy policy for the state.

⁴ [The Coal Cost Crossover 2.0 - Energy Innovation: Policy and Technology](#)