



Proponent Testimony of the American Wind Energy Assn. on Ohio Senate Bill 346
Eastern Region Director – State Affairs
American Wind Energy Association
Ohio Senate Energy and Public Utilities Committee
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Chair Wilson, Vice Chair McColley, Ranking Member Williams, and members of the Ohio Senate Energy and Public Utilities Committee, thank you for the opportunity to offer proponent testimony on Senate Bill 346. My name is Andrew Gohn, and I am Eastern Region Director for the American Wind Energy Association.

I am here on behalf of the over 1,000 member businesses of the American Wind Energy Association, and the 100,000 workers who are employed in this industry in the United States, many of them right here in Ohio. Wind energy is an important part of Ohio's power supply, and the Alternative Energy Portfolio Standard (AEPS) represents the strongest tool in Ohio's arsenal to achieve cleaner air and reduce carbon emissions. House Bill 6 dramatically scaled back the AEPS by cutting the commitment from 12.5% renewable energy to 8.5%, creating industrial opt-outs equivalent to a further 2% reduction and ended the standards entirely after 2026, creating a policy cliff that will damage renewables investment in the state.

HB 6 reduced these standards but put in place a far costlier program – a program intended to preserve existing generation that Ohioans have paid for many times over. This policy will lead to more carbon emissions, more pollution, and greater costs on Ohio ratepayers – achieving none of the stated goals.

HB 6 will drive up the cost of clean energy for Ohioans

Ohio's AEPS is a success and its good for Ohio consumers. Ohio ratepayers on average currently pay between \$0.10 and \$0.69 per month for the state's renewable energy commitments under the AEPS.¹ That cost supports the continued operation a significant number of wind farms in and near Ohio. These wind farms offset pollution from fossil resources that foul the air Ohioans breathe, and they do so at a low cost.

That is because the AEPS is a market-based mechanism. It created a market for Renewable Energy Credits (RECs) in which generators compete to sell RECs to suppliers at the lowest achievable cost. This ensures the lowest possible impact on the ratepayer. Any wind or other clean energy source can freely compete in this market. By contrast, the program to support nuclear generation in the state relies on an administratively established ratepayer funding level targeting particular generators, namely the Davis-Besse and Perry nuclear plants, as well as enhanced cost recovery for two coal fired power plants, only one of which calls Ohio home.

HB 6 promises to supply selected nuclear generators with support amounting to \$9.25 per megawatt-hour over and above market revenues. By contrast, ratepayer prices per megawatt-hour for non-solar renewable energy reflected in the competitive retail REC market were only \$4.71 on average over the most recent compliance year (2017).² Thus, the AEPS has supported generation from renewables like wind and solar at a far lower cost to the ratepayer than has been proposed for nuclear power under this bill.

¹ Public Utility Commission of Ohio - *Renewable Portfolio Standard / Rate Impacts 1st Quarter 2019*

² Renewable Portfolio Standard Report to the General Assembly by the Public Utilities Commission of Ohio for the 2017 Compliance Year <http://dis.puc.state.oh.us/TiffToPDF/A1001001A19C20B45525B02916.pdf>

Proponents of HB 6 claimed that it would save average Ohioans \$4.39 per month by repealing the AEPS, the Energy Efficiency Resource Standard (EERS) and Peak Demand Reduction (PDR) programs. They insisted that they are replacing these programs for the benefit of air quality with a mandatory nuclear charge that supports specific plants, for the low cost of only \$2.50, thus saving ratepayers relative to existing costs. This was a shell game, in which cost-effective generation support for renewables is lumped together with unrelated efficiency and peak demand reduction programs and the cost of all three programs is added up. In reality, the AEPS, at \$0.10 to \$0.69 per month, is far more effective at spurring clean energy generation than the much higher \$2.50 per month for existing nuclear plants.

In other words, HB 6 is raising consumer prices by imposing a mandate on Ohio consumers every month for specific existing nuclear plants, in place of the existing market-based AEPS cost of only \$0.10 to \$0.69. That means that Ohio customers will be paying between \$1.80 and \$2.40 more per month for clean energy than they do now. In exchange, they will get about half as much clean energy generation as they would under a similar renewable commitment.

Despite Challenges, the AEPS is Highly Effective

Renewable Portfolio Standard (RPS) programs like the AEPS have proven to be highly successful at expanding the development of renewable resources. By design, an RPS does not hand pick a technology; rather all renewables are able to compete, incentivizing cost reductions and efficiency gains. As a result, RPS policies encourage the growth of additional homegrown electricity sources that diversify our energy portfolios, spur local economic development, reduce pollution, cut water consumption, and save consumers money.

Today, 30 states plus the District of Columbia have RPS policies in place, while another eight states have non-binding renewable energy goals. State RPS targets range widely from 10 percent to 100 percent. In just the last two years, legislatures in Arizona, California, Oregon, New Jersey, Massachusetts, Washington, Connecticut, Virginia and Maryland have all moved to expand their RPS targets, usually to 50% or greater requirements. Ohio's pre-HB 6 goal of 12.5% was modest in comparison to the goals advanced in those states and the reduction to 8.5% with industrial opt-outs makes it the lowest standard in the country. At least 6 states have committed to sourcing 100% of their electricity from clean energy sources! Furthermore, maintaining the original RPS will help make Ohio competitive within the 13-state PJM market, where nearly all of the states have more ambitious renewable portfolio standard requirements.³ These states have not seen any reduction in business investment as a result. To the contrary, policymakers in these states expect massive investment in new infrastructure and job creation as a consequence.

This massive adoption is largely due to the broad popularity of these policies across the country. It is no different here in Ohio, where a recent survey of registered voters in Ohio finds that 70% of Ohio respondents favor generating 100% of the state's electricity using clean, renewable energy sources like wind and solar by 2030.⁴ The policy especially resonates with Conservative voters, who are often focused on national security, conserving local resources, and market-based mechanisms to reduce the cost of the energy sources of the future. Recent polling from the Ohio Conservative Energy Forum finds that two-thirds of Conservative voters support expanding Ohio's commitment to clean energy to 50% of the state's electricity⁵. These numbers continue to climb as support for renewable energy surges and wind and solar prices fall.

³ Comparison of Renewable Portfolio Standards Programs in PJM <https://www.pjm-eis.com/~media/pjm-eis/documents/rps-comparison.ashx>

⁴ Greenberg Quinlan Rosner Research, *Strong Bipartisan Support in Ohio for 100% Clean Energy*, https://www.sierraclub.org/sites/www.sierraclub.org/files/program/documents/100_percent_Clean_Energy_Poll_Memo_OH_03_1918.pdf?scv=1521474166443&scv=1521476722397

⁵ <https://static1.squarespace.com/static/5db762340dc7be4695672e99/t/5df8fd2fcde8ca0f952e9756/1576598833882/19024+-+OH+Clean+Energy+Statewide+Release+Version.pdf>

It is particularly problematic for Ohio, of all states, to advance a policy that harms wind energy. Wind energy is a great American success story and Ohio is one of the most important parts of that achievement. Ohio has the largest wind energy manufacturing base of any state in the country. With over **60 factories** in the state cranking out components for the wind industry, Ohio businesses supplying the wind industry and relying on demand for wind energy, employ thousands of workers in the state.⁶ And the potential economic impact of wind energy goes far beyond the manufacturing opportunity, as increasingly, siting of corporate facilities for major US companies is linked to the availability of clean energy opportunities.

Nationally, wind energy prices have fallen 69% over the last decade. Wind energy also became the largest source of renewable electricity in the U.S. in 2019, generating over 7 percent of the country's electricity. Wind power generates more American electricity than hydropower or solar. Combined, wind, solar and hydropower surpass nuclear generation in America's power supply.

This is a product of applying American innovation and expanding the manufacturing supply chain. When it comes to the high value turbine components like towers and nacelles, over 80% are manufactured in the U.S. In fact, the wind industry is a growing source of exports for the U.S. This momentum creates high-paying manufacturing jobs, like the ones at Timken in North Canton, or foundry workers in Elyria, or fiberglass workers at MFG global in Ashtabula, or torque drive manufacturers in Sharon Center.

Finally, it is important to note that any serious review of Ohio's renewable energy policies must include reconsideration of the draconian setback rules imposed as an amendment to budget legislation in 2014. These rules have significantly impeded the development of new wind resources in the state of Ohio and sent developers looking elsewhere to create jobs and economic development. Ohio can benefit enormously from reforming these problematic setback rules to allow Ohio to be a leader in deployment of new wind projects again.

Conclusion

HB 6 was the product of improper, and allegedly criminal, behavior. That includes the targeting of renewables. Renewable energy sources are spectacularly popular in Ohio. That's why it takes an alleged \$61 million criminal enterprise to reduce investment in them. Doing the people's will is straightforward. Thwarting the aspirations of Ohioans for a cleaner energy future of their state – that requires significant political investment in an alleged criminal enterprise.

The AEPS is a strong policy that drives cost-effective deployment of wind and solar while minimizing impacts on Ohio consumers. Ohio should waste no time in restoring the pre-HB 6 standards. Repealing HB 6 in its entirety will improve public health and result in cleaner air for Ohio and states downwind of Ohio.

Half measures in repealing this legislation will deliver worse air quality, poorer public health outcomes, a diminished economic outlook for the state, and disappointed voters who have made as clear as they can that they oppose this approach. We respectfully urge the Committee to pass this bill and repeal HB 6 in its entirety.

Thank you for your consideration of this testimony,

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⁶ AWEA, Wind Energy in Ohio, 2018, <https://www.awea.org/Awea/media/Resources/StateFactSheets/Ohio.pdf>