THE HOUSE DEMOCRATIC REPORT ON OUR DIVERSE ENERGY FUTURE
OHIO'S ENERGY MANDATES STUDY COMMITTEE
SEPTEMBER 2015

INTRODUCTION

In 2008, the Republican legislature and Democratic governor passed an overwhelmingly bipartisan measure that required Ohio utility companies to attain 25 percent of their energy from alternative sources and attain 22 percent energy efficiency by 2025.

Eight years later, Ohio became the first state in the nation to reverse clean energy goals by eliminating and freezing energy standards in Ohio through Senate Bill 310. The legislation largely passed along partisan lines, putting a two-year freeze in place on standards and removing requirements that utilities attain 50 percent of their renewable energy from within Ohio.

Now, state law requires the Energy Mandates Study Committee to report its findings on Ohio's energy future. Herein are the recommendations and report for our diverse energy future from members of the Ohio House Democratic Caucus.

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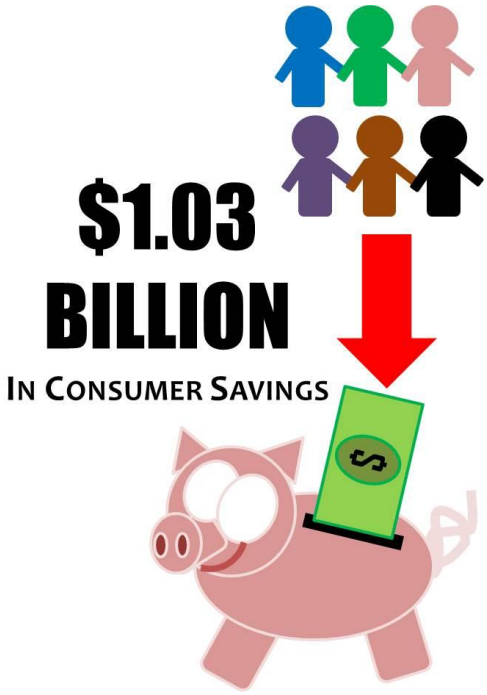
SUMMARY

Ohio's forward-looking energy and renewable efficiency policies of 2008 had **three key impacts** on the wellbeing of our state.

1. **STANDARDS SAVED CONSUMERS**

   Ohioans saved over **$1 billion in energy costs** and reduced their electric bills by 1.4 percent over four years.[1,2] These significant savings are dollars returned to the wallets of working Ohioans, who as a result have more money to spend on essentials like school supplies, groceries, and more.



   First Energy, one of the country's largest investor-owned electrical systems and an advocate of SB 310, admitted that **customers save $2 for every $1 spent** on meeting energy standards.[3]

   According to one independent analysis, Ohioans were on track to realize at least **$4 billion in savings** during the next ten years.[1]

[1] See, e.g., http://www.dispatch.com/content/stories/editorials/2014/04/12/no-policy-has-helped-to-save-billions-for-ratepayers.html. Represents 2009-2014 energy efficiency program data derived from utility status reports, which are filed every year with the PUCO and are available online at http://dis.puc.state.oh.us/.

[2] Economic Analysis of Ohio's Renewable and Energy Efficiency Standards. Report. Advanced Energy Economy Ohio Institute (AEEO), 18 Nov. 2013. Web. 2 Sept. 2015.

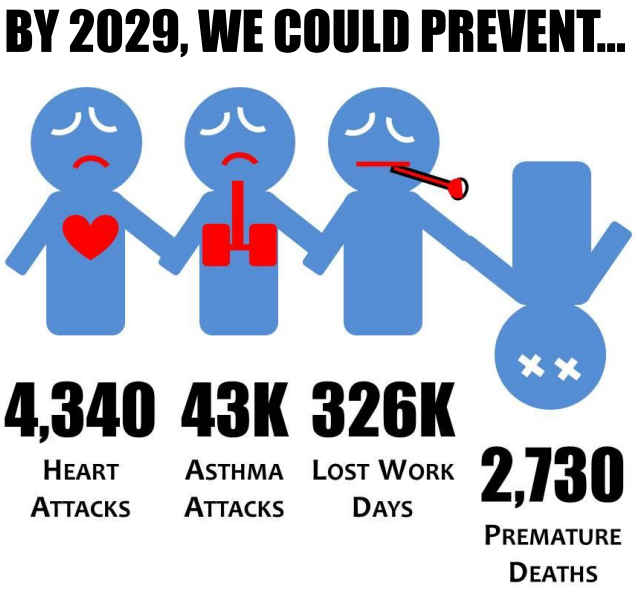
[3] Ohio Edison, Toledo Edison, CEI Program Portfolio Status Report (July 18, 2013) at page 8, available at http://dis.puc.state.oh.us/TiffToPDf/A1001001A13G19A93934J08280.pdf

2. STANDARDS MADE OHIO HEALTHIER

Relying on clean energy sources lowers pollution and reduces public health risks.

According to an upcoming health report, resuming Ohio's renewable and energy efficiency standards by 2017 would **greatly reduce life-threatening illnesses, heavy healthcare expenses**, and other onerous economic costs for thousands of Ohioans – especially vulnerable populations like children, pregnant women, and the elderly.[4]

By reducing an estimated 23 million tons of annual carbon pollution by 2029, Ohio's energy standards can help prevent **326,000 lost work days, 43,190 asthma attacks, 4,340 heart attacks, and 2,730 premature deaths.**[5]

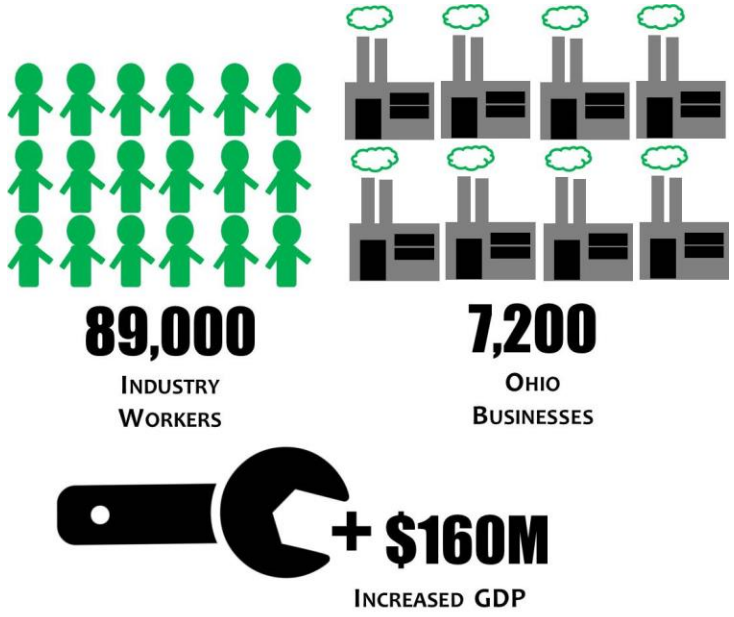


[4] Environmental Law & Policy Center, League of Conservation Voters, Natural Resources Defense Council, and Ohio Environmental Council, *Cleaner Air and Better Health: The Benefits of Ohio's Renewable and Efficiency Standards* (August 2015)
[5] Id.

3. STANDARDS SPURRED ECONOMIC GROWTH AND CREATED JOBS

A 2013 study found that Ohio's alternative energy standards stimulated the Buckeye State's **gross domestic product by $160 million** from 2008 to 2012.[2]

The state's standards also spurred the **creation of 3,000 jobs** in the rapidly growing advanced energy industry.[2] The skills and knowledge obtained by Ohio workers in cutting-edge energy technologies puts them at **the forefront of an advanced sector of the economy** and positions them well to compete in the 21st century.



According to a 2014 report, Ohio's clean energy industry supported roughly **7,200 Ohio businesses** and approximately **89,000 Ohio workers**.[6] The two-year freeze and other changes made by SB 310 jeopardize the stability and vitality of this growing industry in our state.

[6] Survey Results, Clean Jobs Ohio, Sizing Up Ohio's Clean Energy Jobs Base and its Potential (2014) http://www.cleanjobsohio.org/

The evidence presented to the EMSC reached a clear conclusion: Ohio's alternative energy industry, energy efficiency, and peak demand reduction (PDR) policies prior to the freeze enacted by SB 310 were largely successful, benefitting consumers, the environment and economy, and the public's health and well-being.

Given the overwhelming evidence that our state benefitted from the forward-thinking energy policies previously enacted under SB 221, we recommend the ESMC report to the legislature include the following recommendations.

FULL REPORT

After seven public hearings beginning earlier this year, the Energy Mandate Study Committee (EMSC) is now compelled by Senate Bill 310 of the 130th General Assembly to issue a report detailing its findings to the legislature by September 30, 2015. We respectfully believe it to be in the public interest to call for the resumption of renewable energy, energy efficiency (EE), and peak demand reduction (PDR) policies for Ohio to be included among the committee's final recommendations.

Resuming clean energy benchmarks will help Ohio develop and sustain a diverse energy portfolio that will generate continued savings for electric ratepayers, create and protect jobs within our robust energy sector, and address growing environmental and public health concerns.

These benchmarks could be implemented under a revised schedule to balance economic and environmental factors, but must continue to require that consumer savings exceed program costs. In addition, we recommend and support for inclusion in the final report the following recommendations:

1. **Reinstate renewable energy, EE, and PDR goals at significant levels to lower utility bills, cut carbon emissions, and create jobs across Ohio's diverse energy landscape.** The EMSC heard testimony from several expert witnesses, including the Ohio Consumers' Counsel (OCC), the Electricity Markets and Policy Group at the Lawrence Berkley National Laboratory (LBNL), and the American Wind Energy Association (AWEA), articulating the positive impacts of the standards thus far. The OCC and LBNL confirmed utility-supplied data compiled by the Public Utilities

Commission of Ohio (PUCO) showing savings of approximately $1 billion in reduced electric rates for consumers from efficiency programs since the enactment of S.B. 221.[7] Based on utility reports, EE programs were projected to save customers an additional $4 billion over the next decade.[8] AEP-Ohio recently concluded the utility has high potential for expanding EE savings over the next 15 to 20 years through innovation and investments in new technologies, particularly at Ohio's industrial facilities and among low-income households.[9] Contrary to some statements made to the committee claiming "low-hanging fruit" programs are mostly picked, the ground for further investment remains fertile.

Similarly to EE customer savings, the PUCO has concluded that contributions of renewable energy into Ohio's market lower wholesale energy prices, benefiting all ratepayers. Including renewables, such as wind and solar power, in our energy mix safeguards consumers against fluctuating prices, and lowers pollution and public health risks by generating zero-emission energy. According to an upcoming health report authored by the Environmental Law & Policy Center, League of Conservation Voters, Natural Resources Defense Council, and Ohio Environmental Council, resuming the renewable and EE standards by 2017 through 2029 would protect thousands of Ohioans – particularly vulnerable populations like children, pregnant women, and the elderly –

[7] See, e.g., http://www.dispatch.com/content/stories/editorials/2014/04/12/no-policy-has-helped-to-save-billions-for-ratepayers.html. Represents 2009-2014 energy efficiency program data derived from utility status reports, which are filed every year with the PUCO and are available online at http://dis.puc.state.oh.us/.
[8] Id.
[9] See, e.g., http://switchboard.nrdc.org/blogs/swilliams/ohio_wraps_up_its_sb_310_energ.html. Provides analysis of energy efficiency programs implemented by Ohio utilities.

from life-threatening illnesses, heavy healthcare expenses, and other onerous economic costs.[10] The report estimates a reduction of up to 23.1 million tons of annual carbon pollution by 2029, helping Ohioans avoid at least 326,600 lost work days, 43,190 asthma attacks, 4,340 heart attacks, and 2,730 premature deaths.[11]

2. **Incentivize the creation of new Ohio jobs and allow local communities to make zoning decisions regarding new windfarm development.** S.B. 310 eliminated the "in-state" requirement that specified at least 50% of renewable energy counted to meet the standards come from facilities in the state of Ohio. The S.B. 310 anti-jobs change, along with the two-year freeze, jeopardizes the stability and vitality of Ohio's growing clean energy industry, which supported roughly 7,200 Ohio businesses and approximately 89,000 Ohio workers, according to a 2014 report.[12] We can correct these costly mistakes by thawing the freeze and incentivizing Ohio job creation with a modest renewable energy credit "multiplier" to help utilities using Ohio-based energy more easily meet renewable energy requirements.

   Additionally, the committee's report should recommend reversing a recent state mandate that drastically increased Ohio's minimum setback requirement for wind turbines, making future windfarm construction effectively uneconomical. The report should endorse local control over

[10] Environmental Law & Policy Center, League of Conservation Voters, Natural Resources Defense Council, and Ohio Environmental Council, *Cleaner Air and Better Health: The Benefits of Ohio's Renewable and Efficiency Standards* (August 2015)
[11] Id.
[12] Survey Results, Clean Jobs Ohio, Sizing Up Ohio's Clean Energy Jobs Base and its Potential (2014) http://www.cleanjobsohio.org/

the state mandates by allowing county commissioners to establish setback parameters based on the interests and preferences of their constituencies.

3. **Study the economic and environmental impacts of reestablishing and bolstering advanced energy sources to support investments in clean coal, co-generation, and other alternative energy development.** While the advanced energy tier created by S.B. 221 may have been structurally flawed, the S.B. 310 provision eliminating the policy was not the answer. The committee's report should recommend revisiting the policy with a focus on adding real value to advanced sources to boost investment in innovative, carbon-mitigating technologies. While the EMSC report should emphasize the possibilities of Ohio's energy future, it cannot ignore the importance of existing resources, like abundant coal and natural gas, nor our duty to consider the affects of new energy laws on the Ohio communities from which those resources come.

4. **Protect Ohioans from run-away "riders" applied to utility bills, and excessive profiting at the expense of consumers by fixing issues within the PUCO's ratemaking process.** While Ohioans have benefited from the efficiency and renewable policies in S.B. 221, other provisions in the law have led to undue customer costs. In particular, the 2008 law allowed electric companies to pocket excessive over-earnings from customers. The committee's report should propose requiring utilities to reimburse consumers the full amount of any over-charges – not just those deemed "*significantly* excessive."

The EMSC also had much discussion on the exorbitant number of specialized, hidden charges added to customers' bills, known as "riders." According to 2015 PUCO data, some Ohio ratepayers were saddled with as many as 27 separate riders on their electric bills.[13] The committee's report should examine the burdensome effects of single-issue ratemaking, and call for changes to require a more thorough and transparent vetting of extra charges at the PUCO.

The factual evidence presented to the EMSC reached an overwhelmingly clear conclusion: Ohio's renewable energy, EE, and PDR policies prior to S.B. 310 were largely successful, benefiting electric customers, Ohio's environment and economy, and the public's health and well-being. Restoration of the targets, along with our other recommendations, should be included in the committee's final report to ensure Ohio ratepayers continue to benefit. Furthermore, in order to achieve an unbiased, data-driven report, it should utilize cost-benefit analyses and projections prepared by the PUCO and the OCC, rather than skewed studies from unaccountable organizations.

Finally, future legislative efforts should prudently position Ohio to meet evolving consumer expectations and new federal requirements, while embracing an "all of the above" energy strategy that balances cleaner, more sustainable energy technologies with responsible development of existing resources. We are grateful for the open and informative committee process facilitated by the chairs, and hope to contribute to a productive dialogue as the committee finalizes its work.

[13] See Case No. 08-935-EL-SSO et. al., P.U.C.O. no. 11 and no. 13, Ohio Edison, First Energy, Schedule of Rates for Electric Service, and The Illuminating Company, First Energy, Schedule of Rates for Electric Service (effective June 21, 2013)