

What you Need to Know about the Ohio House's Energy Reform Bill

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In the next few weeks the Ohio House is expected to pass the most significant rewrite of the state's energy laws since Ted Strickland was governor more than 10 years ago.

House Bill 6 would create the Ohio Clean Air Program that backers say would provide incentives to build and maintain power plants that have zero or reduced emissions of carbon dioxide.

Opponents, including environmentalists and some business groups, say the overhaul has nothing to do with clean air and is more about bailing out the state's two financially struggling nuclear power plants, whose owner says will close without financial help.

But what does the bill mean to Ohioans?

Question: What exactly would the legislation do?

Answer: A revised version of bill released last week would impose a monthly fee of 50 cents in 2020 and \$2.50 after that on the electric bill of residential consumers, and \$15 in 2020 and \$20 a month after that for commercial users. For industrial users, the monthly fee would be \$250. In return, the bill would eliminate charges averaging \$4.39 per month designed to help consumers reduce their consumption of electricity or help utilities pay for renewable energy programs. Backers of the bill say the trade-off is a net savings for consumers, although some utilities and environmental groups have questioned that. American Electric Power testified that the current energy efficiency fee has saved customers \$1 billion in terms of lower electricity use.

Q: How will the program work?

A: The monthly fees are expected to generate about \$300 million a year by 2021. The Ohio Air Quality Board would determine how the money is shared among the state's power companies. Companies would be eligible for a \$9 credit per megawatt hour of carbon dioxide-free electricity they generate.

The big recipient would be FirstEnergy Solutions, which owns the state's only two nuclear power plants, Davis-Besse and Perry, and is trying to work its way out of bankruptcy. It stands to collect about half of the total.

Although geared for clean-energy efforts, money also could be spent on coal or natural gas-fired plants that made efforts to reduce emissions under a not-yet-developed program. Backers

say wind and solar also would be eligible, but some groups say the way the language of the bill is drafted, that may not be the case.

Q: Why is the bill needed?

A: FirstEnergy Solutions, the former power generation arm of Akron-based FirstEnergy, says the nuclear plants will close without help by mid-2021. The Davis-Besse plant received its license to operate in 1977 and the Perry plant received its license to operate in 1986. Cheap, abundant supplies of natural gas used to power electricity plants have made the nuclear plants unprofitable.

Supporters of the bill highlight that the plants generate about 90% of the state's carbon dioxide-free power and support about 4,000 workers directly and indirectly, while the plants' taxes are important to local communities and schools. About 15% of the state's electricity production comes from nuclear sources, according to the Public Utilities Commission of Ohio. FirstEnergy Solutions warns that electric bills will go up if the plants close. PJM, which coordinates the wholesale movement of electricity in 13 states, says closing the plants is not expected to hurt electricity reliability in the region. However, closures would require the state to import more power generated elsewhere.

Opponents say the legislation is just a bailout of FirstEnergy Solutions. In the 2017-18 election cycle, FirstEnergy's political-action committees and executives donated about \$1.3 million to Ohio candidates and party funds — more than 70% to Republicans — and spent millions more on lobbying in Ohio and Pennsylvania.

Q: If the bill is designed to aid growth of clean energy, why are so many environmental groups opposed to it?

A: Many environmental advocates don't like that the bill would defund Ohio's current renewable energy and energy efficiency standards, and may not allow any renewable energy projects to qualify for new "clean air" funds. The Ohio Environmental Council says the bill ignores that Ohioans are already saving money thanks to energy efficiency efforts funded by their current monthly electric bill, and there are more than 100,000 clean energy jobs in Ohio.

Q: What do conservative groups think of the bill?

A: Some of them don't like it either. Americans for Prosperity-Ohio called the bill "corporate welfare" and "cronyism on full display." The group argues that the bill "does not pass all the savings on to Ohioans. It creates and bankrolls a slush fund." Both AFP-Ohio and the Buckeye Institute argued that no electric generation should be subsidized, including those collected for the current renewable energy standards. The Buckeye Institute called the bill's policies "classic examples of government subsidies being used to prop-up declining businesses."

Q: And what about business groups?

A: The Ohio Manufacturers' Association opposes the bill, fearing it will increase costs to businesses. The Ohio Chamber of Commerce is lukewarm on the proposal. The chamber has long sought significant changes to the state's energy efficiency mandates, arguing they are expensive and will soon get more expensive, but says the bill "looks nothing like the mandate reforms we have advocated for."

Q: Who likes the legislation?

A: Outside of FirstEnergy Solutions and the communities where the plants operate, the key supporters are in the nuclear industry who see nuclear power as the best way to deal with climate change. They also say that if the plants close, the power they generate would be replaced by fossil-fuel plants that would increase carbon dioxide emissions and that electricity bills would go up.

Q: What are the prospects for the bill?

A: House Speaker Larry Householder, R-Glenford, has made the bill a priority and expects it to pass his chamber in mid-May. Senate Republicans and Gov. Mike DeWine also have expressed interest in saving the nuclear plants, so it is likely that some form of House Bill 6 will pass before lawmakers leave for summer break at the end of June.