

BEFORE THE SELECT COMMITTEE ON ENERGY POLICY & OVERSIGHT
OF THE OHIO HOUSE OF REPRESENTATIVES
HOUSE BILL 6 REPEAL VIA HB 746 & HB 738

INTERESTED PARTY TESTIMONY OF JEREME KENT
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AS SUBMITTED

1 Good afternoon Chairman Hoops, Vice-Chair Abrams, Ranking Member Leland, and members of the House Select
2 Committee on Energy Policy and Oversight. My name is Jereme Kent and I am the founder and CEO of One Energy
3 Enterprises LLC. One Energy is a Findlay, Ohio headquartered company that develops, installs, and operates *Wind*
4 *for Industry*® projects.

5 Our *Wind For Industry*® projects install megawatt-scale wind turbines on-site, behind the meter, to power large
6 commercial and industrial facilities. Our projects provide immediate savings for our customers and provide them
7 with a fixed rate for 20 years. Our customers know the price of power for 20 years.

8 One Energy is responsible for more of these on-site wind energy projects in the State of Ohio than everyone else
9 combined. One Energy is the largest wind energy company based in Ohio.

10 Thank you for the opportunity to address this Committee today.

11 In preparation for this testimony I reviewed my original testimony on HB6 from May of 2019. In that testimony I
12 started with the simple statement that "I don't envy your job." I would like to strongly reaffirm that statement.

13 Energy policy is complicated. Small changes have huge and disproportionate impacts that often go far beyond the
14 intention. Enacting new energy policy is like letting a very complex genie out of a bottle. And this Select Committee
15 is tasked with figuring out if and how that genie should go back into the bottle. The problem is that HB 6, like most
16 broad energy legislation, was a complicated bill. It did many, many things.

17 We all know we are here because of the allegations of impropriety that surround this bill with respect to certain
18 bad actors. I am not here to make any statements or take any position on those bad actors. In my view, there are
19 only two things that are relevant right now: we are here, and HB6 - all of it - has become law.

20 It is important to understand that there are a number of distinct components to HB6. I will attempt to break them
21 out:

- 22 1. There is a subsidy to nuclear power plants
- 23 2. There is a subsidy to the OVEC facility
- 24 3. There is a subsidy to solar facilities
- 25 4. There is a decoupling mechanism
- 26 5. There is a permanent freezing of the RPS and Energy Efficiency Standards
- 27 6. There is a provision that allows for expanded *Wind for Industry*® projects from 5 to 20 MW
- 28 7. There is an administrative provision to make the PUCO more efficient

- 1 8. There is a provision that allows utilities more flexibility to do on-site renewables
- 2 9. There is a change to the way utilities can bill county fairs and agricultural facilities
- 3 10. There is an administrative change to the home energy assistance program

4 Put more bluntly, the bill creates three subsidies, removes one subsidy, has two provisions that make it easier to do
5 on-site renewable projects, provides three simple clarifications, and allows one random power grab.

6 And, while all of those elements were contained in a single bill, they are all now law in a number of sections of the
7 Revised Code and are all distinct issues in my opinion.

8 I will address each of the groupings individually.

9 **The Creation of Three Subsidies (Nuclear, OVEC, and Solar)**

10 One Energy is and always has been opposed to subsidies. We think that a fair and open market is a powerful force
11 that eliminates the inefficient and the ineffective. While the energy industry is far from fair and open, it is still a
12 market, and a subsidy is a market distortion mechanism that not only makes losers into winners but also makes
13 rightful winners into losers. I respectfully submit that the legislature should apply the highest level of scrutiny
14 possible to the use of market distortion mechanisms and should always err on the side of the absolute minimal
15 distortion necessary. In addition, subsidies are a mechanism to take from the consumer. And, anytime the
16 legislature takes from the consumer to give to the producer, it needs to provide robust oversight to protect the hard-
17 earned consumer dollar.

18 In light of where we are today, it seems prudent to repeal all subsidies given in HB6 and to reconsider them with
19 an increased level of scrutiny that is appropriate and justified for a consumer-taking market distortion mechanism.

20 **The Removal of One Subsidy (The RPS and Energy Efficiency Standards)**

21 A mandatory renewable portfolio standard and energy efficiency standard is a subsidy. That is what it is, and to
22 call it anything else is inaccurate. Originally, standards like these were a mechanism used to incentivize renewable
23 energy and energy efficiency, largely because the market players were self-serving and did not want those
24 technologies in the market. Utilities spend millions of dollars to try to preserve the status quo, even to the detriment
25 of consumers they have a duty to serve. So, to try to compel utilities charged with the public good to do the right
26 thing, these mandatory standards were created. Since their creation, they have evolved, in my opinion, to become
27 a boondoggle and a subsidy. If you want to have a truly level and fair marketplace, we should get rid of all
28 subsidies, including the RPS.

29 I also think it is worth noting that there are all kinds of structural problems with the way RPS's have been drafted
30 and implemented, including in Ohio. The RPS, as it existed in Ohio, was a hodgepodge of goals wrapped in blanket
31 of obscurity, trying to do too many things. And, as a result, it really did not do any of those things well.

32 The other important thing to understand is that the RPS actually created a secondary value market through RECs,
33 and that HB6 froze that market. If HB6 is flat repealed in whole, it will create a huge destabilization and a lot of
34 uncertainty around this market as it corrects itself to get restarted. It is likely that a blind restart of the market
35 through a whole repeal of HB6 will create wild swings in market pricing and could create even higher costs for
36 consumers. I submit that a blind and uncontrolled restarting of the RPS is irresponsible. Even if this Committee
37 decides to undo the RPS freeze, it needs to study and evaluate how to responsibly restart the market and then take
38 deliberate and measured action to execute that restart. That is far more complicated than a simple repeal.

39 As I stated in my previous testimony, I do believe the state has a compelling interest in encouraging utilities to act
40 responsibly, to capture the true cost of energy in their current rates, and to make decisions in the best long-term
41 interest of Ohioans, as opposed to those utilities' shareholders. I think that the state should make it easier for
42 companies like us to invest in energy in this state, especially modern low-carbon solutions without fuel cost risk. I
43 also believe that the state should actively encourage and even, to the extent legally possible, mandate in-state

1 generation sources to protect grid resiliency. I, however, respectfully submit that there are far better ways than the
2 RPS to do so, and that those other ways would cost far less for the Ohio consumer.

3 **Two Provisions to Make On-Site Renewables Easier (5 to 20MW and Utility On-Site Projects)**

4 Any time a state can encourage a good thing without incurring any cost or taking any rights away from citizens, it
5 should. Our on-site wind energy projects are a good thing. We invest millions of dollars into huge manufacturing
6 facilities to help lower their energy costs, have fixed rates for 20 years, and decarbonize their facilities. All on private
7 land and subject to local government permitting oversight.

8 Prior to HB 6, in Ohio, an energy project only became subject to OPSB jurisdiction if it had a nameplate capacity
9 above 50 megawatts. This was true for every, single, energy resource but wind. For wind, a facility that was over
10 five megawatts had to get power siting board approval. Wind energy was being treated unfairly as an industry and
11 HB6 help correct that by raising the size limit for on-site wind projects to 20 megawatts. It did not give us any
12 money. There was no subsidy. There was no taking. It just removed a barrier to investment in the factories of this
13 state and confirmed that those projects are most appropriately permitted at the local level.

14 If our, comparatively small, projects had to get OPSB approval through the same process that billion-dollar facilities
15 use then they would never be built due the complexity and cost of that process.

16 I see no compelling reason that this Committee should see anything but good in this change. I also see no issue with
17 allowing utilities to come try to compete in the same market space with on-site projects of their own. We look
18 forward to the market deciding who the on-site energy winner is in a fair fight.

19 I respectfully submit that this Committee should not reintroduce unnecessary red tape by repealing this portion of
20 HB 6.

21 **Three Simple Clarifications**

22 The three provisions in HB6 that give PUCO more flexibility to operate, correct a ridiculous billing issue for county
23 fairs, and provide a clarification to the home energy assistance program are no-brainers. They are fixes that need to
24 happen and are in everyone’s best interests. To my knowledge there is no formal opposition against any of these
25 necessary changes and it does not make sense to remove them. They have to be corrected, they just happened to
26 have been corrected in HB6.

27 **One Random Power Grab**

28 It wouldn’t be an energy bill without an erroneous power grab. That is exactly what the decoupling mechanism in
29 HB6 is. It is a market distorting mechanism that provides additional guarantees and recovery opportunities for
30 utilities to ensure they remain profitable without actually running their business better. It is effectively a revenue
31 guarantee for utilities intended to make them “somewhat recession proof” and guarantee them unearned income.
32 It makes no sense for Ohio and may actually be worse than the outright subsidies in HB6.

33 As with any market distorting mechanism, there should be a high level of scrutiny applied to its analysis. It is my
34 opinion that since this is a utility-benefitting market distorting mechanism, it should be repealed and reconsidered
35 as a stand-alone issue. Either way, since it takes money from consumers and gives it to utilities, it needs to be part
36 of the comprehensive review of HB6 related to wrongdoing.

37 **Conclusion**

38 I started my speech today by saying that I don’t envy your job.

39 You have tough decisions to make.

1 And any time you are talking about energy, incentives, the future, or the environment, you have multiple highly-
2 energized viewpoints to consider and weigh. In this case, you have a cloud of questionable actions that have called
3 into question the public confidence in the process that created this bill.

4 Given the cloud that hangs above this bill, I believe this Committee is compelled to take action. I respectfully submit
5 that the responsible action is to undo all of the market distorting and public-taking actions caused by HB6. That
6 includes repealing the subsidies for nuclear energy, OVEC, and solar projects. It also means repealing the
7 decoupling provisions of HB6.

8 I respectfully submit that this Committee should further study the RPS but not, through brash action, create more
9 problems by repealing these provisions in HB6 outright and creating a market effect that could further harm
10 consumers.

11 Finally, I submit that this Committee should leave the on-site wind energy provisions and the three simple
12 clarifications in HB6 in place, since they cost Ohioans nothing, encourage additional investment in manufacturing,
13 and overall are good for the state. They right wrongs that existed and to repeal them would actually hurt Ohioans.

14 Thank you for your time.

15 I am happy to take any questions from the Committee at this point.