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LINK: <http://www.policymattersohio.org/EnergyStandards2010.htm>

New Analysis finds Ohio's clean energy standard creating jobs, reducing dependence on polluting fuels

A comprehensive assessment of Ohio's renewable energy and energy efficiency standards, released today, finds that the standards are reducing emissions, generating growth, fostering energy savings and reducing dependence on polluting fossil fuels.

"The clean energy standards passed as part of Senate Bill 221, on Governor Strickland's initiative, is a successful policy reform," said Amanda Woodrum, report co-author and researcher at Policy Matters Ohio. "By requiring Ohio's electric utilities to lower energy consumption and increase use of renewable energy, the law has driven demand for products, labor, and research in clean energy."

The report finds that as long as utility companies are reaching their annual benchmarks, Ohio will see economic growth in renewable energy and energy efficiency markets, jobs created, less pollution and, in the long run, money saved. Other findings include:

- *The bill created a Renewable Energy Credit Market in Ohio*, by guaranteeing that Ohioans and outside investors will have a commodity to sell when they invest in renewables here. As of June 2010, 508 applications had been filed at the Public Utility Commission of Ohio for renewable energy generators. About 25% of those applications are for projects in Ohio (132), representing over 150 MW of potential homegrown capacity from solar, wind, hydro, and landfill gas, enough to power almost 115,000 homes. Additionally, 1,500 MW in plant capacity have been approved for co-firing biomass.
- *The Requirements Create Jobs*. Between 2010 and 2011, Ohio utilities plan to invest about \$340 million in energy-efficiency programs to meet standards, including rebate programs for energy efficient appliances, home weatherization programs, education campaigns and energy efficient lighting campaigns. These investments will create about two years of work for an estimated 1,700 people. The investments also indirectly support creation or retention of 1,000 additional jobs in related industries, some of which are in Ohio. For instance, nearly all 160,000 solar panels used in the Wyandot facility were manufactured by First Solar in Perrysburg, which doubled the size of its plant with a \$100 million investment.
- *Standards Lowered Emissions*: Due to SB221, Ohio could stop as much as 341,890,714 tons of CO₂ from being emitted over 15 years – equal to taking almost 3.8 million cars off the road for 15 years.



- *Standards Produced Energy Savings.* The ACEEE estimates that by 2025 there will be a net energy bill savings of \$18.9 billion due to SB221. For the current three-year period (2009-2011), we estimate a total net savings to consumers of \$386 million.
- *Standards fostered Energy Independence.* For 2025, we project a reduction of 28 million MWh of coal-generated electricity consumption due to SB221, eliminating the need to purchase 13.5 million short tons of coal in 2025, saving \$562 million from being sent out of state to import it, and reducing Ohio's coal trade deficit by 40%.

The study also explores and compares the efforts of the four Ohio investor-owned utilities, finding that First Energy has relied on biomass, AEP has pioneered new power purchasing agreements and new industrial project rebates, Duke Energy has signed a power-purchasing agreement with an Indiana wind farm and Dayton Power and Light surpassed its 2009 energy saving requirements.

The report also reviews issues related to solar benchmarks, biomass and industrial opt-outs. It finds that in 2009, all four of Ohio's investor-owned utility companies met general renewable benchmarks but fell short on solar benchmarks. All were granted *force majeure* waivers for their 2009 solar benchmarks, claiming a lack of certified solar projects in the state. However, Duke Energy Ohio obtained ten times the number of solar RECs as FirstEnergy. The report concludes that no *force majeure* applications need be approved going forward.

All four of the companies are using similar strategies to meet non-solar requirements, mainly depending on REC purchases and power purchasing agreements. Of the few projects directly owned and operated by utility companies, almost all involve co-firing biomass with coal. "Biomass has a place in transition to green energy," said Will Reisinger, Staff Attorney for the Ohio Environmental Council. "However the magnitude of biomass projects being planned in Ohio is potentially problematic." Reisinger also questioned "whether retroactive approval of efficiency measures taken prior to the dates of passage for SB 221 serves the purpose of effectively encouraging new energy efficient programs."

The report recommends that policymakers expand and extend Ohio's Advanced Energy Fund; enforce the benchmarks; examine biomass more closely and close the mercantile opt-out loopholes; and expand the clean energy standards to gas utilities; "By extending the efficiency goals to our gas utility companies, we can converge natural gas and electric utility efficiency programs and promote zero energy building practices," said Jen Miller, Conservation Program Coordinator for the Ohio Chapter of the Sierra Club. "A strong Advanced Energy Fund can be used to increase public awareness regarding clean energy options and reduce upfront capital costs to consumers for renewable energy and energy efficient equipment."

The report concludes that for the law to continue to succeed, enforcement efforts of will be crucial. "SB 221 is a successful policy. Utilities are changing their behavior and increasing investments in renewable energy and energy efficiency," said Amanda Woodrum. "As long as utilities are reaching the benchmarks, Ohio will see jobs created, less pollution, and, in the long run, energy saved. "