

The Renewable Portfolio Standard: Boosting Ohio's Economy



The Renewable Portfolio Standard is the smart way to encourage renewable energy projects, create jobs, and keep Ohio's businesses competitive.

In 2008, with a bipartisan and near-unanimous vote, Ohio enacted a Renewable Portfolio Standard, mandating that by 2025, at least 12.5 percent of electricity sold must be generated by renewable sources including wind, biomass, waste heat recovery, and at least 0.5 percent solar. The law is fiscally responsible as utilities are not required to comply with these benchmarks if it would cause more than a 3 percent increase in electricity costs. Further, if a utility shows a good-faith effort to comply with renewable benchmarks but cannot, the public utility commission may reduce the obligation.¹

Blue Creek Wind Farm Revitalizes Local Economies

Located in Van Wert County and Paulding County, the Blue Creek Wind Farm's 152 wind turbines generate 304 MW of clean, renewable energy, which is enough to power 76,000 homes annually.²

- \$2 million annually in lease payments to local landowners
- \$2.7 million in annual payments in lieu of taxes to local taxing bodies
- 15-20 new permanent jobs, and more than 500 construction jobs at the project's peak
- \$25 million in local spending during construction

The Renewable Portfolio Standard Has Already Benefitted Ohio's Economy

Rapid development of renewable energy resources in Ohio has already generated significant economic activity and jobs.

Since Ohio enacted this standard, a dozen wind energy companies have invested heavily in Ohio, and it was the fastest growing state for new installations in 2011.

The standard also encouraged the solar industry to invest in Ohio, and by using solar energy, Ohio companies are saving on their energy bills. In June 2012, construction was completed on a 9.8 MW solar power system at Campbell Soup Company's manufacturing facility in Napoleon, Ohio. During construction, more than 200 jobs were created. Campbell will buy 100 percent of the energy generated by the photovoltaic system, which is equivalent to 15 percent of the facility's annual electricity needs.³ Another example is Metzger's

Printing and Mailing, a Toledo company, which has saved \$3,000 each month on energy bills by installing a 230 kW solar array on the roof of its buildings.⁴

Not only has the Renewable Portfolio Standard advanced renewable energy projects in Ohio, component manufacturing for renewable technologies has also grown. Ohio is a leading U.S. component supplier for wind turbine equipment manufacturers and a top producer of solar materials across the supply chain. There are more than 50 wind manufacturing and 150 solar manufacturing companies in Ohio.⁵ In total, 160 companies in Ohio are providing jobs in the solar industry. Fifty-five of these companies have manufacturing facilities in the state, making Ohio one of the top producers of solar materials globally. With continued growth in this sector, Ohio could see almost 23,000 additional jobs and \$3.6 billion dollars of investment in manufacturing components.⁶



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Ohio's Clean and Sustainable Energy Future Is Being Threatened by Fossil Fuel Interests

Despite the positive impact the Renewable Portfolio Standard has had on Ohio's economy, we expect an attempt to weaken or repeal Ohio's Renewable Portfolio Standard by fossil fuel-funded lobbyists. The American Legislative Exchange Council (ALEC), the group which drafted the model "Right to Work" legislation that inspired S.B. 5 in 2011, has partnered with The Heartland Institute, an ultra-conservative think tank skeptical of climate change science, to write model legislation called the Electricity Freedom Act that, if adopted by the Ohio legislature, would repeal the Renewable Portfolio Standard. The Heartland Institute has been funded by oil and gas corporation Exxon Mobil and foundations set up by the Koch brothers, whose firm Koch Industries has substantial oil and energy holdings. Exxon Mobil and Koch Industries are also members of ALEC. Public outcry over ALEC's scheming tactics and political agenda that are out of touch with voters have led to 38 corporations, 4 foundations, and 70 state legislators to cut ties with ALEC in 2012 alone.⁷

Studies Supporting ALEC's Model Legislation Are Flawed

To support their cause, The Heartland Institute and ALEC are using economic research from the Beacon Hill Institute, a think tank nested within Suffolk University that has also received funding from the Koch brothers. In April 2011, the Beacon Hill Institute along with the American Tradition Institute released a study concluding that, by 2025, Ohio's Renewable Portfolio Standard would lead to electricity prices increasing by 9.3 percent and the loss of more than 9,000 jobs.⁸ This study is deeply flawed for a variety of reasons including:

- **It ignores the cap to keep electric rates from rising no more than 3 percent**—The report declares without support that the cost cap is "ineffective and meaningless," so it was simply left out of the analysis. But this cost cap is a critical piece of the legislation, making an increase of 9.3 percent infeasible and the rest of Beacon Hill's analysis grossly exaggerated.
- **It assumes the price of renewable energy will increase**—Beacon Hill assumes that the cost of wind and solar energy will increase over time despite widespread analysis conclusively showing that the cost of wind and solar energy will continue to decrease by respected institutions, including

the Energy Information Administration, the Lawrence Berkeley National Laboratory, the National Renewable Energy Laboratory, Bloomberg, and Black & Veatch.⁹ There has been a 40 percent reduction in the cost of wind energy in the last four years and an 80 percent drop in the price of solar modules in the last decade.

- **It assumes new wind projects will have diminished returns**—Without citing any study or report, Beacon Hill argues that because of the swift expansion of wind power lately, new projects will be built in areas that are less productive and more expensive to develop. While it is perhaps true that some of the best possible wind sites have been built upon, there is still plenty of cost-effective wind resource available in the U.S., and specifically in Ohio. Ohio's wind resources could power the state's electricity needs almost completely, and more innovative turbines are being developed that can operate more efficiently at lower wind speeds and use less wind-intensive lands.¹⁰
- **It assumes that established wind measurements are wrong**—Beacon Hill asserts that the energy produced from a wind turbine is half of what industry-leading organizations have measured. Beacon Hill's analysis is based on two studies, one of which is not even published in a peer-reviewed journal. Beacon Hill's models therefore assume wind turbines generate less power than they actually do, and fictitiously drive up the cost of producing wind power.
- **It does not consider how the Renewable Portfolio Standard has benefitted Ohio**—The report does not attempt to include economic benefits of renewable energy such as new manufacturing or construction jobs, new tax base, or new lease payments to landowners. In 2011 (before the Blue Creek Wind Farm came online), the wind industry alone is estimated to have supported more than 5,000 jobs, \$2.5 million in property tax payments, and more than \$300,000 in land lease payments.

Support the Renewable Portfolio Standard

Should legislation appear that would weaken or eliminate the Renewable Portfolio Standard, we urge you to vote against it. Ohio's Renewable Portfolio Standard is the right way to encourage renewable energy projects in the Midwest, spur job growth, and keep Ohio's businesses competitive.

1 ORC 4928.64(B)(2)-(C)(4).

2 <http://www.iberdrolarenewables.us/pdf/blue-creek-fact-sheet.pdf>.

3 <http://www.prnewswire.com/news-releases/campbell-dedicates-98-megawatt-solar-power-system-159850375.html>

4 <http://www.toledoblade.com/Energy/2011/08/28/Toledo-area-solar-picture-bright-early.html>.

5 <http://map.ohiosolarenergy.org>; <http://www.seia.org/state-solar-policy/ohio>; <http://awea.files.cms-plus.com/FileDownloads/pdfs/3Q-12-Ohio.pdf>.

6 <http://www.nrdc.org/energy/renewables/ohio.asp>.

7 http://www.huffingtonpost.com/2012/09/12/alec-house-republicans_n_1879027.html.

8 http://www.atinstitute.org/wp-content/uploads/2011/04/ATI_OH_RPS_study.pdf.

9 http://www.windpoweringamerica.gov/pdfs/2011_annual_wind_market_report.pdf; <http://emp.lbl.gov/sites/all/files/lbnl-5919e-ppt.pdf>; <http://www.nrel.gov/docs/fy12osti/54526.pdf>; <http://www.bloomberg.com/news/2012-11-01/wind-farm-operating-costs-fall-38-in-four-years-bnef-says-1-.html>; <http://bv.com/docs/reports-studies/nrel-cost-report.pdf>.

10 <http://eetd.lbl.gov/ea/ems/reports/wind-energy-costs-2-2012.pdf>.