

# Ohio just passed the worst energy bill of the 21st century

*A corrupt bailout for dinosaur power plants that screws renewable energy in the process.*

By [David Roberts@drvox@vox.com](mailto:drvox@vox.com) Jul 27, 2019, 12:00pm EDT



*Ohio Governor Mike DeWine, who signed a dumpster-fire of an energy bill this week. Photo by Justin Merriman/Getty Images*

Amid a [flurry of ambitious state action](#) on climate change policy, the Republican-controlled Ohio legislature has just [passed an energy bill](#) that represents an enormous step backward. It is the most counterproductive and corrupt piece of state energy legislation I can recall in all my time covering this stuff — the details must really be seen to be believed.

The bill, just signed by Republican Governor Mike DeWine, is called [HB6](#). Though the story behind it is complex and sordid, the bill itself is pretty simple. It would do four things:

- **Bail out two nuclear plants:** From 2021 until 2027, Ohio ratepayers will pay a new monthly surcharge on their electricity bills, from 85 cents for residential customers up to \$2,400 for big industrial customers. The surcharge will produce about \$170 million a year. \$150 million of that will be used by the

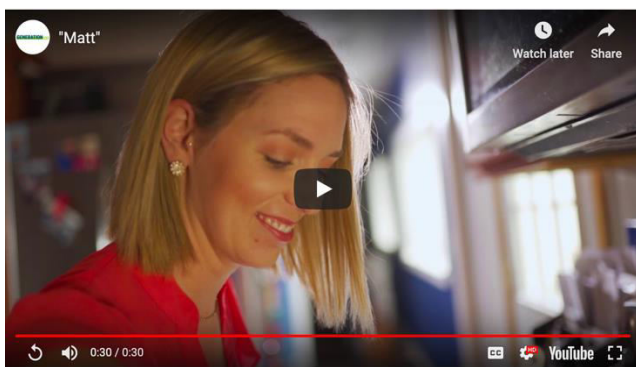
utility FirstEnergy (one of the largest investor-owned utilities in the country) to subsidize its two big nuclear power plants — Davis-Besse, outside of Toledo, and Perry, northeast of Cleveland — which it [claims are losing money](#) and will be closed in the next couple of years without bailouts. The remaining \$20 million will be divided among six existing solar projects in rural areas of the state. (Note: as we'll discuss below, nuclear power plants generate low-carbon energy and are [worth saving](#). But not like this.)

- **Bail out two coal plants:** FirstEnergy customers across Ohio will pay an additional monthly surcharge (\$1.50 for residential customers; up to \$1,500 for big industrials) to help bail out two old, hyper-polluting coal plants owned by the Ohio Valley Electric Corporation (a collective owned by several large utilities), one in Ohio, one in Indiana.
- **Gut renewable energy standards:** Ohio has one of the oldest renewable portfolio standards in the country, requiring its utilities to get 12.5 percent of their power from renewables by 2027. The bill reduces the target to 8.5 percent by 2026, exempts large industrial customers, and kills the standard after 2026, effectively nullifying any incentive for new renewable energy development in the state.
- **Gut energy efficiency standards:** Ohio utilities are required to reduce customers' energy use 22 percent from 2008 levels by

2027 through energy efficiency programs (which were set to [save Ohio ratepayers \\$4 billion](#) over the next 10 years). HB6 allows utilities to abandon those programs entirely once they hit 17.5 percent, a level most have almost reached already.

To summarize: the bill would subsidize four uncompetitive power plants, [remove all incentive](#) to build more renewable energy projects, and cancel efforts to help customers use less energy. It is a bill only a utility (and the lawmakers who do its bidding) could love, an extravagant gift to FirstEnergy investors that hoses Ohio ratepayers. (FirstEnergy's stock price has been [rising all year](#), despite, or perhaps because of, its 2018 bankruptcy.)

Despite a [tsunami of dark money](#) supporting the bill, HB6 was [overwhelmingly opposed](#) by ratepayer groups, business groups, free-market conservative groups, environmental groups, and Ohioans generally. Its only support came from its only beneficiaries: the utilities that own the bailed-out plants, the employees of the bailed-out plants, the communities where the bailed-out plants are located, and possibly Donald Trump, who doesn't want to see coal plants closing during his reelection campaign.



As bad as the bill looks on the surface, once you understand the context and details, you realize ... it's actually much worse than that. Let's start at the beginning.

## FirstEnergy has been seeking (and receiving) bailouts for years

Ohio participates in a regional wholesale electricity market called [PJM](#). Its generation utilities must compete with other utilities across the region to provide energy.

FirstEnergy has clung to large nuclear and coal plants (among a [string of other bad business decisions](#)), but those plants have been getting undercut in electricity markets by cheaper natural gas and renewables. That's why coal and nuclear plants are [closing across the country](#).

FirstEnergy declared bankruptcy in March 2018. It made some headlines by [appealing to the Trump administration](#) to use federal emergency powers to save its power plants, i.e. to prevent its investors from eating a loss. That didn't happen, but Energy Secretary Rick Perry [encouraged states](#) to pursue bailouts of their own.

He didn't need to tell Ohio anything. FirstEnergy has been [pursuing bailouts](#) in the state since at least 2014, and investors have continued pouring in billions on the bet that it will succeed. They certainly have reason to believe it. The Environmental Defense Fund's Dick Munsun [summarizes the history](#) of ratepayers getting stuck with the bill:

This would be the fifth time Ohioans will have paid for these plants. They first paid when the plants were built. They paid again in 1999 when the electricity market was restructured. They paid again when companies were allowed to add plants back into their supply plans in 2008. And finally, they've paid via the bailout ruling approved by the Public Utilities Commission of Ohio in 2016.

(As for that last bailout, the Ohio Supreme Court recently [rejected it](#), saying that the state could not simply write a blank check to a utility. Shows what they know!)

Despite all this, the FirstEnergy has told regulators that its two nuclear plants are unprofitable and [will be closed in the next few years](#) without bailouts, leaving up to [4,300 people](#) out of work and the communities around the plants devastated.



*The Davis-Besse nuclear power station No. 1 in Ottawa County, Ohio Shutterstock*

Are the nuclear plants really unprofitable?

Astoundingly, [FirstEnergy refuses to divulge the plants' actual financial numbers to lawmakers](#), citing bankruptcy confidentiality agreements. Experts hired by FirstEnergy say the plants are losing money. Other experts, hired by groups that oppose the bailout, [claim the plants are profitable](#).

There's no definitive answer. Lawmakers were simply asked to accept FirstEnergy's word that it needed hundreds of millions in subsidies.

### **The Orwellian case for HB6**

Ohio Republicans are claiming that HB6 — [\\$300 million a year](#) in new surcharges paid by every ratepayer in the state — will save ratepayers money. How will raising rates save ratepayers money?

The answer is that Ohio's renewable-energy and energy-efficiency mandates cost ratepayers

more than \$4.50 a month on their electricity bills. By slashing those mandates, lawmakers say they will save ratepayers more money than the new surcharge costs. Republican state representative Bill Seitz, a [long-time opponent](#) of renewable energy, [said](#): "Who benefits from this bill? Ratepayers. I can't conceive of anyone who would vote against saving your constituents that amount of money."

Sounds good, right?

But it's sleight of hand. It counts the \$4.50 in compliance costs, but it doesn't consider the benefits. For their money, ratepayers get a steady push for the utility to shift its investments to cheaper renewable sources, along with a steady reduction in energy use through efficiency.

Both of those save ratepayers far more than they cost over the long-term. A [Center for American Progress report](#) analyzed the full economic benefits of the mandates since 2008. Among other things, it found that "from 2009 to 2012, every dollar invested by Ohio utilities in energy-efficiency programs resulted in more than \$2 in near-term savings for ratepayers." An [Ohio State University analysis](#) found that in their first four years, the combined renewables and efficiency mandates lowered electricity rates by 1.4 percent.

But FirstEnergy investors don't benefit from those shifts. They don't want customers using less energy or opting for cheaper sources owned by competitors. They want return on their investments in existing assets. (And they will get it. Americans for Prosperity-Ohio, a conservative think tank, [testified](#) that HB6 would offer FirstEnergy investors a return-on-investment of 3,000 percent. Not bad.)

Gutting Ohio's clean-energy mandates saves ratepayers a few dollars in the short term, but binds them to money-losing power plants and rising costs in the long term.

To put it plainly: the Republicans behind HB6 are telling Ohioans that halting the shift to cheaper power sources, halting reductions in energy consumption, and (re-)subsidizing increasingly uneconomic dinosaur power plants will save ratepayers money over the long-term. Black is white, up is down.



*The W.H. Sammis plant, FirstEnergy's last remaining coal-fired power plant in Ohio. Shutterstock*

As it happens, Ohio Republicans have been [gunning for the clean-energy mandates for years](#). In 2014 they persuaded then-Governor John Kasich to pass a two year “pause” in the renewable portfolio standards. Then, in 2016, they passed legislation making the standard voluntary, which effectively would have killed it, but Kasich [vetoed the bill](#).

They have already managed to suppress renewable energy growth in the state. In 2014, the legislature passed one of the nation's most restrictive setback laws, nearly tripling the distance required from a wind turbine to property lines (without a waiver from the property owner). As [EnergyWire reports](#), it has imposed a de facto moratorium on new wind-power developments, diverting billions of dollars of investment away from the state. With just 738 megawatts of installed capacity, Ohio

has about one-third the wind power of neighbors Indiana and Michigan, and one-fifth of Illinois’.

Even as other states, [including in the Midwest](#), aggressively pursue renewable energy, Ohio is choking it off — and forcing ratepayers to keep two of the oldest, dirtiest coal plants in the country open to boot.

What’s behind all this? [Money](#).

### **The ties between FirstEnergy, Ohio legislators, and the Trump administration**

Let’s review a few facts on public record.

Fossil fuel and utility interests [contributed handsomely](#) to DeWine’s campaign for governor. Among his biggest backers, and among the biggest money players in Ohio politics, is FirstEnergy. As the Dayton Daily News [notes](#), “since 2014, FirstEnergy and FirstEnergy PAC have contributed \$1.35 million to Ohio political candidates, including \$61,957 to the campaign and transition funds for Gov. Mike DeWine and his running mate Jon Husted.”

Additionally, “in October 2018, FirstEnergy Chief Executive Chuck Jones donated \$12,700 worth of food and beverage to the DeWine Husted campaign.”

FirstEnergy has also been a key supporter of Ohio House Speaker Larry Householder, one of HB6’s most fervent proponents. As Jeremy Pelzer [reports for the Cleveland Plain-Dealer](#), FirstEnergy’s PAC “donated more than \$5,000 to [Householder’s campaign] and a total of about \$149,000 to more than a dozen other House candidates,” mostly Householder’s supporters. Those were among the PAC’s only donations that election cycle.



*Ohio House Speaker Larry Householder.*  
[Cincinnati Public Radio](#)

The support is ongoing. The Energy and Policy Institute (EPI) [reports](#) that “Householder has received over \$12,500 in [campaign contributions](#) from FirstEnergy since the start of the 2017-18 legislative session.” He and one of his sons [flew on a FirstEnergy corporate jet](#) to Donald Trump’s inauguration.

Householder has repaid the largesse with stalwart support, sponsoring several power-plant bailout bills and jamming HB6 through a [hastily called last-minute legislative session](#).

What about those two coal plants owned by the Ohio Valley Electric Corporation? How did they end up in HB6? That particular bailout traces back to a failed bill ([HB239](#)) sponsored by Reps. Ryan Smith (the previous Speaker) and Rick Carfagna. Public record requests by EPI later [turned up documents](#) showing that utility American Electric Power (AEP), one of the owners of the corporation, was heavily involved in writing the bill and wrote Smith and Carfagna’s [joint written testimony](#) almost word for word.

The Sammis coal-fired power plant, one of the plants that will be subsidized under HB6, [burns coal provided by Murray Energy](#). CEO Robert Murray has long pushed for a bailout for the plant, [urging Trump to use federal emergency powers](#) to save it and even musing about [buying](#)

[the plant himself](#). Naturally, Murray also [lobbied for HB6](#).

[**Correction 7/26/19:** Sorry, Sammis is *not* one of the plants that benefits from direct subsidies under HB6. (In Ohio, only the Kyger Creek coal plant does.) However, days after HB6 passed, FirstEnergy announced it is [canceling plans to close the plant](#). As CEO John Judge [said at a community meeting](#) recently, HB6 “would make our company economically healthy enough that we would be able to look at other investments like investing in the Sammis Plant.”]

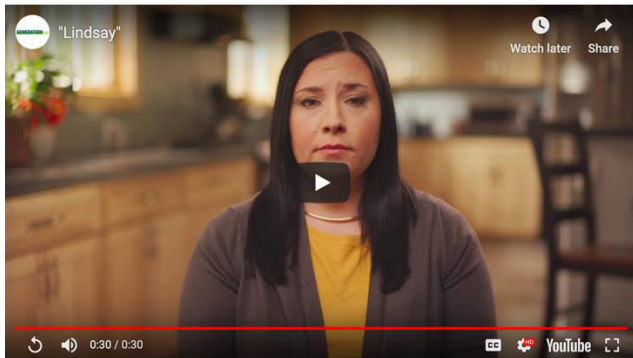
Meanwhile, the Murray Energy PAC [contributed \\$5,000 to the DeWine campaign](#), and some 200 individual Murray Energy employees collectively donated \$25,000 more.

On Wednesday, Murray held a [fundraiser for Trump](#). One of the attendees ([despite finding Trump’s racist tweets “inappropriate”](#)): DeWine.

As for the HB6 campaign, [FirstEnergy bankruptcy documents reveal](#) that, through three front groups, FirstEnergy and Exelon (another large Midwestern utility with nuclear plants) spent a “minimum of approximately \$185,000 on ads that have run on Facebook, Twitter, and television” pushing for power-plant bailouts.

FirstEnergy hired Jeff Miller, a close aide of Energy Secretary Rick Perry, to [lobby the Trump administration for a bailout](#). Miller recently [raised more than \\$1 million](#) for Trump’s reelection campaign.

A dark-money political group called Generation Now spent \$1 million getting Householder elected and then [sank \\$4.6 million](#) into pro-HB6 radio and TV ads, which carpeted the state. The group has not disclosed its donors.



An employee at a lobbying firm paid over \$800,000 by FirstEnergy [was linked to the written testimony](#) of at least seven of the people who testified in favor of HB6.

And on and on. As this [blistering Cleveland Plain Dealer exposé](#) and [this comprehensive report from Common Cause Ohio](#) reveal, the passage of HB6 was the culmination of a long, determined, and extremely well-funded campaign by utility business interests to purchase a bailout from the Ohio legislature. It involved lobbyists, campaign contributions, corporate planes and parties, and the [personal intervention of Trump's 2016 Ohio campaign manager](#). (The message he conveyed to Ohio lawmakers, according to Bloomberg News: “Trump can’t afford to see the plants shut down and jobs lost heading into the 2020 election.”)

### Ohioans don’t want or need HB6

Ohio has [112,486 jobs in clean energy](#) — the third most in the Midwest and the eighth most in the country. That number that grew by 4.6 percent between 2017 and 2018, above the regional and national average, even as the overall number of jobs in the state declined.

Of those jobs, 73 percent — almost 82,000 — are in energy efficiency. That’s one reason the Ohio Manufacturers’ Association, the National Association of Energy Service Companies, and numerous other businesses and business groups [testified against HB6](#).



### *Clean Jobs Midwest*

A 2018 report by Synapse Energy Economics (“[Powering Ohio](#)”) found that the state is well-positioned to capture the growing market in the PJM region for clean-energy solutions.

Ohio is a manufacturing powerhouse, third in the nation in manufacturing jobs. There are [60 manufacturing facilities in Ohio](#) involved in the wind-power supply chain. The state also has numerous research and development centers and a skilled workforce. With aggressive action, Synapse found that the state could attract up to \$25 billion in new investment. Recently the state’s plentiful renewable resources landed it [a new Facebook data center](#).

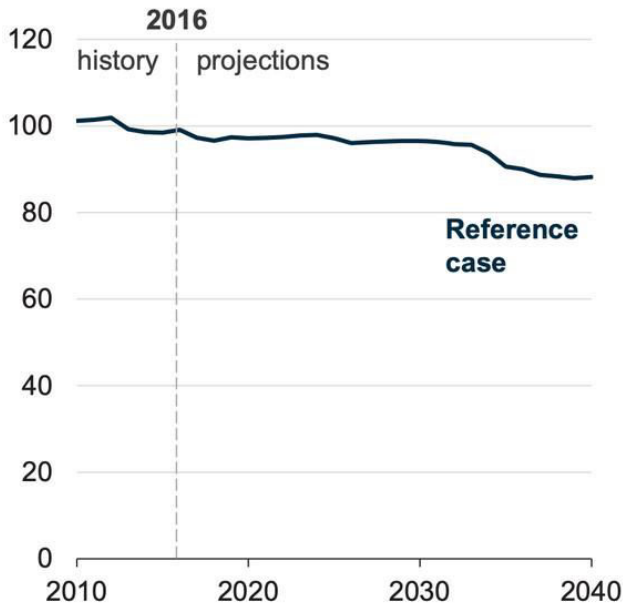
Ohioans want more clean energy. A [June 2017 poll](#) run by Public Opinion Strategies (the nation’s largest Republican polling firm) on behalf of the Nature Conservancy found that large majorities, even in coal-intensive Southeast Ohio, support greater focus on renewable energy and energy efficiency. Some 79 percent support the renewable-energy mandate; 86 percent support lower setbacks for wind power. 90 percent would pay more on their electric bill to support renewable energy; 90 percent would prefer lawmakers who support clean energy policies.

(A [more recent poll](#), in June of this year, found similar things, but it was done for the American Petroleum Institute-Ohio, which is against HB6, and it [reads like it](#). One question starts, “As you may know, some groups oppose House Bill 6

because they believe it will saddle all Ohioans with a new, unfair and unnecessary annual \$200 Million nuclear bailout tax.” Hmm...)

The closure of existing nuclear power plants is a [serious problem for climate hawks](#) (and [not easy to solve](#)). Each shuttered plant takes a gigawatt

**Nuclear electricity generating capacity**  
gigawatts



EIA’s projections for US nuclear power through 2050. [EIA](#)

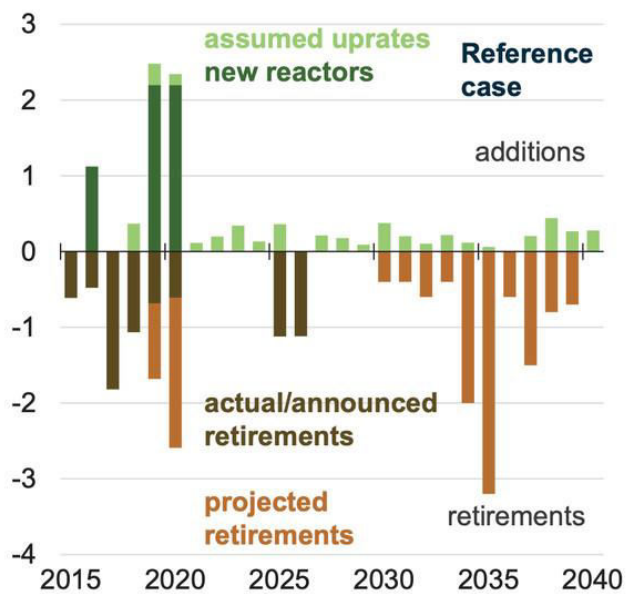
[Several states](#), including New York, Illinois, and New Jersey, have figured out ways to keep their nuclear plants running longer while also boosting renewable energy and efficiency. In fact, in each of those states, it was an alliance of nuclear and renewables supporters that pushed solutions forward.

That alliance has a future. The alliance in Ohio does not.

In Ohio, nuclear supporters made a deal with the devil, throwing their lot in with coal plants and anti-renewables legislators in the pocket of big utilities. Two nuclear plants gained a temporary reprieve at the cost of holding an entire state’s energy system back from inevitable changes. Renewable energy investors, developers, and

or two of low-carbon energy off the grid, at a time when we need all the low-carbon energy we can get. And the workers in those plants, and the communities around them, deserve a transition plan.

**Year-over-year nuclear capacity changes**  
gigawatts



advocates will remember that the next time a nuclear plant needs their help.

A coalition of independent Ohio energy companies and environmental groups is already talking about [putting a measure on the state ballot in 2020](#) to prevent HB6 from becoming law. Whether or not that works, change will catch up with Ohio eventually. Its only choice is whether or not to be prepared.

It will not prepare as long as it is led by the Republican Party. The GOP has become a fully purchased subsidiary of big energy incumbents. States that want to move forward on climate change and clean energy have no choice but to override Republicans or [vote them out of office](#).