



An Alternative Energy Portfolio Standard for Ohio

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The Office of the Ohio Consumers' Counsel believes that a thoughtfully planned and diversified approach to obtain energy is necessary to ensure Ohioans have affordable and dependable energy. One element of this approach, called a Diversified Energy Portfolio, requires the adoption of an alternative energy portfolio standard as a long-term solution to increase price stability, supply reliability and energy security.

An alternative energy portfolio standard promotes clean energy – such as wind, solar and biomass fuel – by requiring that electric service providers obtain a percentage of their supply from an alternative energy resource. This type of policy promotes fuel competition, efficiency and technological breakthroughs for the use of alternative energy that will continue to drive the costs of alternative energy resources down.

Twenty-two states and Washington D.C. have designed and implemented some form of an alternative energy portfolio standard. For example, Texas has already developed 1,819 megawatts of alternative energy resources, Minnesota has 705 megawatts of new wind energy and Wisconsin is generating 140 megawatts that is mostly wind, with more than 500 megawatts of new wind energy on the way – all the result of alternative energy portfolio standard policies these states have enacted.

States implement alternative energy portfolio standards for a number of policy reasons. The most common are to:

- ▶ Reduce the cost of alternative energy resources
- ▶ Reduce the negatives associated with burning fossil fuels to generate electricity
- ▶ Reduce price volatility of electricity
- ▶ Increase fuel diversity
- ▶ Increase acceptance of alternative energy in the marketplace
- ▶ Develop strong consumer support for alternative energy resources
- ▶ Provide economic growth by creating more jobs and using local resources

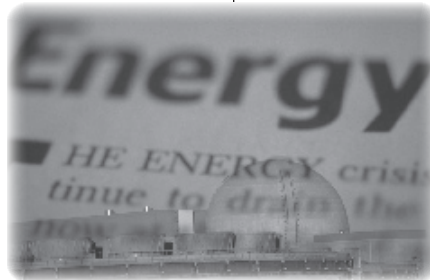
The ability for Ohio to invest, utilize and supply alternative energy resources like many other states would be very beneficial. Ohio's economy stands to gain nearly 23,000 manufacturing jobs and \$3.6 billion during a 10-year nationwide development of 74,000 megawatts of alternative energy resources. The pursuit of alternative forms of energy to service the needs of consumers will not only positively impact the economy of Ohio, but it is also a direction more utility companies are moving towards as a part of the service they provide to their customers. Companies such as American Electric Power and FirstEnergy already offer electricity from alternative energy resources in other states where they operate.

In Texas, American Electric Power buys credits each year to show it is meeting the company's megawatt contribution that will help achieve the state's alternative energy goals. Beginning in 2007, FirstEnergy will have a new service plan in its Western Pennsylvania (Penn Power) territory that will include an alternative energy portfolio standard approved in 2005.

Around Ohio, more and more individuals, businesses and schools realize the importance of alternative energy to reduce the impact of using fossil fuels. The Adam J. Lewis Center for Environmental Studies at Oberlin College is the site of Ohio's largest solar arrangement. With the 160 kilowatts of solar panels, the center is able to produce more energy than it consumes each year. In Bowling Green, a commercial wind farm was developed that generates 7.2 megawatts of power – enough to power a village the size of North Baltimore, Ohio with more than 3,300 residents.

Enacting an alternative energy portfolio standard in Ohio provides a responsible solution to energy production and follows a trend that many residents and businesses in Ohio, and the United States, are already taking to save money on energy costs and make certain energy is a reliable and sustainable commodity for the future.

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What should Ohio's standard look like?

Ohio can meet a goal of 20 percent electric generation in the form of alternative energy resources in 10 years. The target would begin with 2 percent of the total electricity sold to customers coming from alternative energy resources and would increase annually by 2 percent. For the alternative energy portfolio standard to be effective, technology should be used that meets environmental standards, the alternative energy should be generated at new operating facilities and Ohio electric customers should benefit from the alternative energy generated in their region.

A market-based renewable energy credit trading system offers energy providers flexibility in reaching

its targets. The electric utility can choose from wind energy, solar radiation, geothermal energy, low-impact hydro facilities or biomass fuels to meet the requirement. They would have to show the Public Utilities Commission of Ohio how they would annually comply with the standard as well as certify every megawatt-hour of alternative energy generation provided to its customers. Utilities also can sell excess credits to other providers that found it difficult to comply with the standard in a given year.

A penalty for not complying with the renewable portfolio standard would apply and needs to be enforced. The penalty would have to be substantial enough so companies would be more likely to comply with the standard than not. A penalty of \$50 per megawatt-hour can enforce the standard, encourage the development of alternative energy resources and serve as a cost cap for implementation.

The use of alternative energy resources to serve the electricity needs of Ohioans is already prevalent. There are many individuals, businesses and schools that have taken the initiative to use alternative energy.

Wind	Bowling Green Wind Farm, Bowling Green, OH	4 wind turbines generate 7.2 MW of wind energy
	Lake Farm Park, Kirtland, OH	Educational center with 20 kW wind turbine, 25 kW solar array visited by 180,000 people per year
	Dull Farm, Brookville, OH	Six, 10 kW turbines
	Glacier Ridge Metro Park, Plain City, OH	10 kW turbine provides electricity for the park
Solar	Oberlin College – Adam J. Lewis Center for Environmental Science, Oberlin, OH	Two solar arrays (60 kW, 100 kW) generate more electricity per year than the center consumes
	Cincinnati Zoo & Botanical Gardens, Cincinnati, OH	19.3 kW array installed on new Harold C. Schott Educational Center
	Athens City/County Health Department, Athens, OH	Solar array used as backup power, lowers monthly electricity bills
	Solar homes throughout Ohio	Hundreds of homeowners throughout Ohio have invested in solar radiation technology to become more energy independent
Biomass Fuels		Methane Gas Plants <ul style="list-style-type: none"> ▶ 3 MW plant, Columbus, OH ▶ 4.1 MW plant, Port Clinton, OH ▶ 10.9 MW plant, Lorain County, OH

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts. The state agency also educates consumers about electric, natural gas, telephone and water issues and resolves complaints from individuals. To receive utility information, brochures, schedule a presentation or file a utility complaint, residential consumers may call 1-877-PICKOCC (1-877-742-5622) toll free in Ohio or visit the OCC website at www.pickocc.org.

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For additional information from the Office of the Ohio Consumers' Counsel:

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