

Ohio Subsidy Sausage

As the old saying goes, politics is a lot like making sausage. It's messy, ugly, and watching it being made can turn your stomach. The people of Ohio recently witnessed a sausage-o-rama of energy policymaking. And a lot of people want the smelly pork sent back to the factory in Columbus.

HB-6, as it's known in the Buckeye state, is one of the strangest pieces of energy legislation we've seen in quite some time. It's got bailouts for nuclear and coal and subsidies for solar. At the same time, wind power gets left out completely. See what I mean?

Under this new law, First Energy Solutions, the only operator of nuclear plants in Ohio, gets about \$1.1 billion in ratepayer money to prop up the Davis-Besse and Perry nuclear plants. Ohioans will recall the company filed for bankruptcy in 2018 and threatened to close the plants in a few years if it didn't get a ratepayer bailout. Under HB-6, Ohio Valley Electric coal plants will be given nearly a half-billion dollars by 2030. And finally, residents will fork over \$20 million a year for seven years to build some utility-scale solar plants. Wind, which is usually first in the subsidy line, gets zippo.

Of course, natural gas is not in this pork product. As everyone should know, natural gas plants don't need a handout to keep everyone's electricity flowing.

Here's another odd twist. The law decreases the portion of electricity that has to be generated from wind and solar beginning in 2026. These days it seems every government agency is worried about CO2 emissions. So why would this subsidy sausage include coal, but not wind and decrease future renewable mandates?

We think you know the answer. It's politics. Legislators in nuclear districts needed some extra votes and they found them in coal districts. Special interest lobbying played a big role all the way around, which is why solar gets tossed into the hopper. In the end, the people who keep their jobs are happy, but everyone else in Ohio picks up the tab.

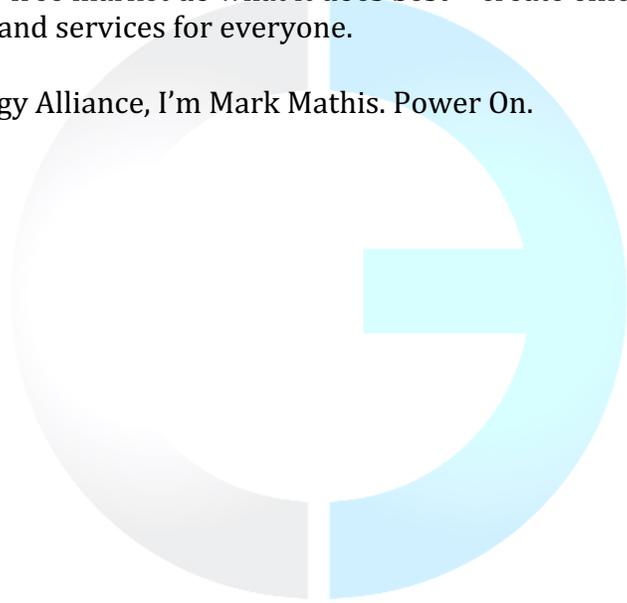
The good news is... most people in Ohio do not approve. Polling shows about 70 percent of the public thinks this sausage is rotten. A referendum to repeal the law is picking up serious momentum.

One of the more troubling aspects of HB-6 is how the votes came down. Ohio is full of politicians who claim to be big believers in the free market. And yet 26 of them ignored their stated principles and voted for an anti-free market bill. That includes Senate President Larry Obhof and Speaker of the House, Larry Householder who shepherded the bill through their respective chambers.

Some legislators who claim to be free-market advocates say they voted for the bill because it replaces existing renewable portfolio mandates and will actually save Ohioans money. Call us skeptical.

Why not just bypass sausage laws and instead do away with subsidies and mandates altogether? Let the free market do what it does best—create efficiency and lower the price of goods and services for everyone.

For the Clear Energy Alliance, I'm Mark Mathis. Power On.



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