

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Adoption of Rules for)
Alternative and Renewable Energy)
Technologies and Resources, and Emission)
Control Reporting Requirements, and)
Amendment of Chapters 4901:5.1, 4901:5-3) Case No. 08-888-EL-ORD
4901:5-5, and 4901:5-7 of the Ohio)
Administrative Code, pursuant to Chapter)
4928, Revised Code, to Implement Senate)
Bill No. 221.)

INITIAL COMMENTS OF
CUYAHOGA COUNTY OHIO

On behalf of the Board of Commissioners of Cuyahoga County, Ohio, the Great Lakes Energy Development Task Force (“GLEDTF”) submits comments to the Public Utilities Commission of Ohio (“Commission”) in the above-named proceeding. GLEDTF is participating in this proceeding for a focused purpose that is critically important to northeast Ohio’s—and in a larger way, to all of Ohio’s—health, development and welfare. The purpose is offered in fulfillment of the public policy and legal standards of Senate Bill 221, signed by the Governor on May 1, 2008. The purpose involves the deployment of wind turbines in Lake Erie, the most advantageous site in this state for powerful wind resources available and necessary for the generation of electric service from this “renewable energy resource.”

Specifically, GLEDTF proposes modifications to new chapters of the Ohio Administrative Code, Chapters 4901:1-39, entitled “Energy Efficiency and Demand Reduction Benchmarks,” and 4901:1-40, entitled “Alternative Energy Portfolio Standard” related to Ohio Revised Code (“R.C.”) Sections 4928.64, 4928.65 and 4928.66. For the reasons explained below, GLEDTF proposes the following change to Ohio Administrative Code (“O.A.C.”) Sections 4901:1-39-01(F) and 4901:1-40-01(DD), the “Definitions” sections of each:

“Renewable Energy Credit” means the fully aggregated attributes associated with one megawatt hour of electricity generated by a renewable energy resource, except that when the renewable energy credit is associated with or derived from the generation of power from an offshore pilot wind project in Lake Erie, “renewable energy credit” shall mean the fully aggregated attributes of four units of credit for one megawatt hour of electricity up to and for the first 50 MW generated by such project.

Because the Ohio General Assembly included “wind turbine located in the state’s territorial waters of Lake Erie,” in the definition of “renewable energy resource,” R.C. Section 4928.01 (35), no additional revision is required for the Chapters 4901:1-39 or 4901:1-40.

This proposed revision to Staff’s newly-proposed rules is supported by the law and the facts associated with offshore wind power. First, GLEDTF invites the Commission to view a GLEDTF-produced video, which summarizes the benefits and urgency associated with offshore wind power in Lake Erie:

<http://www.youtube.com/watch?v=5F04oyHu47M>

I. Lake Erie Wind Power: It’s not whether, but how—Background.

Because of the great resource of wind across Lake Erie and the resulting power that can be generated, it is critical for Ohio that it be the first state to develop this resource for reasons explained below. The fact of the matter is that, if Ohio is not first, the economic development potential of this renewable energy resource will be lost to other states. Around the country, manufacturing facilities are located at or near renewable energy projects. If real projects do not get built in Lake Erie first, the manufacturing capacity the state seeks will be built near those first projects to put a stake in the water—not Ohio.

There are currently no fresh water wind projects in development or extant at the present time anywhere in the world. The offshore wind strength and generation potential is greater on Lake Erie than in any other part of the state. Also greater is the cost of developing the equipment to harness and convey that power for the obvious

reason that the construction must be done in the water, requiring research and development activity to determine the economic feasibility of the technology. Despite the extra cost, however, the development of offshore wind has been recognized as worth the effort to determine its economic feasibility. In July 2008, the U.S. Department of Energy (“DOE”) issued, from its Wind and Hydropower Technologies Program, a report on energy efficiency and renewable energy regarding wind. Entitled *20% Wind Energy by 2030: Increasing Wind Energy’s Contribution to U.S. Electricity Supply*, the report stated:

Offshore wind energy installations have a broadly dispersed, abundant resource and the economic potential for cost competitiveness that would allow them to make a large impact in meeting the future energy needs of the United States (Musial, 2007¹). Of the contiguous 48 states, 28 have a coastal boundary. U.S. electric use data show that these same states use 78% of the nation’s electricity (EIA 2006²). Of these 28 states, only 6 have sufficient land-based wind energy resource to meet more than 20% of their electric requirements through wind power. If shallow water offshore potential (less than 30m in depth) is included in the wind resource mix, though, 26 of the 28 states would have a wind resource to meet at least 20% of their electric needs, with many states having sufficient offshore wind resources to meet 100% of their electric needs (Musial, 2007³).⁴

In Ohio, Cuyahoga County, in collaboration with local government officials, academic representatives, and local community leaders, including those from business and foundations, have worked with and within the GLEDTF with a vision of wind power from Lake Erie and its transformative power for northeast Ohio. Not only has the group understood the potential wealth of generation possible from Lake Erie wind power, but also the implications for the economic and social development of the immediate area and the state as a whole. In 2007, GLEDTF authorized a \$1 million plus feasibility study of a Lake Erie wind project, which is focusing not just on whether the goal can be accomplished, but how, as preliminary reports support the conclusion that it likely can be done within realistic parameters.

¹ Walter Musial. *20% Wind Energy by 2030: Increasing Wind Energy’s Contribution to U.S. Electricity Supply*, U.S. Department of Energy citing to Musial, W. 2007. “Offshore Wind Electricity: A Viable Energy Option for the Coastal United States.” *Marine Technology Society Journal*, 42 (3), 32-43. Musial is Principal Engineer with the National Renewable Energy Lab in Golden, Colorado.

² EIA (Energy Information Administration). 2006. “State Electricity Sales Spreadsheet.”

http://www.eia.doe.gov/cneaf/electricity/epa/sales_state.xls.

³ *Id.*

⁴ The Great Lakes coast is included in Musial’s analysis.

However, it is clear that Ohio's window of opportunity to research and develop offshore wind on Lake Erie is limited. If northeast Ohio is to become the premier center of wind-on-the-fresh-water for the region and even for all of North America, it must move swiftly toward the development of its pilot project on Lake Erie.⁵ It has become clear to the GLEDTF that anticipated success of the pilot project—which includes, importantly, its being the first project on fresh water in the world—will bring the wind and related technology and service industries not only to existing businesses in the northeast region of Ohio but also to new business, since the existing underutilized infrastructure and skilled and trainable workforce of the northeast region and new infrastructure will be available for the manufacture of wind towers, turbines and related equipment and the development of related technology, products and services. Its success means jobs at a time when Ohio's economic development has been lagging and, for the first time in its history, its population declining. Its success means green, bountiful energy for Ohio's largely fossil-fuel-dependent electric utilities, reduction of greenhouse gases and other pollutants, and therefore an improvement in health-related conditions where Ohioans and even their neighbors live.

II. Lake Erie Wind Power: It's not whether, but how—the Law.

While the picture is bright and getting brighter for the unique wind-on-the-water of Lake Erie opportunity, its uniqueness is also its burden. While there are a number of informed estimates of the cost of Lake Erie wind power, what is clear is that it will cost far more to deploy than it is expected to cost for the deployment and power transmission of the like number of wind installations on land. In addition, projects like GLEDTF's require study and a pilot project to confirm the feasibility of harnessing and transmitting wind power from the Lake. For Ohio, it is worth the trouble. Lake Erie

⁵ For example, since Cuyahoga County has begun its study of a Lake Erie wind power project, Canadian officials on the other side of the lake have renewed their investigation of a Lake Erie project, but appear at this writing to be well behind the progress of Cuyahoga County project. Cuyahoga County is also aware of potential projects announced for Lake Michigan and Lake Ontario.

provides the most concentrated, densest, strongest, steadiest wind source in the state. It is the appreciation for the benefit that has driven Cuyahoga County to the project, and it is consistent with SB 221 that there be acceptance of a special incentive for this special project for the study and development of this abundant natural wind resource, the benefits of which when harvested will resonate throughout the region, the state and, for Ohio, the world.

This project's uniqueness warrants the proposed modification to the Commission's rules as shown above. This project is not like any other wind project deployment that has ever occurred in the world. And while, of course, it will bring the targeted energy goals that all wind deployment has the opportunity to effect, it brings much more in economic development.

On May 1, 2008, Governor Ted Strickland signed Senate Bill 221 into law, forever changing the face of traditional electric utility service in Ohio, and in particular the sources of generation of electric power. In a release issued by his office on April 22, the day that the General Assembly passed final legislation, the Governor stated that the bill reflected the principles he had outlined almost a year before as part of his administration's energy goals, including "working to aggressively attract renewable and advanced energy investment in Ohio in order to create jobs and recognize the influence of global climate change." The Governor's authoritative statement of the legislation's purpose, and therefore GLEDTF's requested modification, are inherent in Senate Bill 221. It is found expressly in the statute's statement of the state's policy: Section 4928.02. It is the policy of this state to do the following:

(A) Ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service;

...

(G) Recognize the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment;

...

- (J) Provide coherent, transparent means of giving appropriate incentives to technologies that can adapt successfully to potential environmental demands;
- ...
- (N) Facilitate the state's effectiveness in the global economy.

And a reading of the statute as a whole confirms that the entirety of this new law is meant to facilitate, not limit, the development of new and, in this case, never-before developed and employed in the world, methods for producing energy in this state. The development of Lake Erie wind depends on the patience and willingness of its potential market to commit to including its output in its energy portfolio. The proposed modification to the Commission's rule will send an important message and provide a necessary incentive to commercial investors, to funding sources, to electric utilities, to businesses that are considering whether to commit to use the power and to manufacturers of wind products and providers of related services by providing an additional boost to the financial viability of the study and development and eventually the deployment and harnessing of wind power over Lake Erie.

Ohio has a once in its history opportunity to become the offshore wind center of this county, to have the first wind installations in fresh water in the world, to boost what has been a stumbling economy in Ohio, to enhance the health and welfare of its citizens in the northeast region and throughout Ohio, to help reduce our reliance on fossil fuels, and to enhance its position in the world economy in a market that has been largely European. The challenges are great now, but as acknowledged by national experts the return on investment in overcoming those challenges is huge. We are riding on the wave of offshore wind power's acceptance and development; Ohio wants and needs to be on the crest, the first to hit the beach. If Ohio waits too long, others will enjoy the benefits that experts who study offshore wind—and that GLEDTF have identified—have envisioned. The opportunity is Ohio's today. The requested modification to the draft rules as proposed above goes a long way to providing a timely and appropriate

incentive in the relevant market and a statement of the state's support for the benefit of offshore wind power's capture and development.

Respectfully submitted on behalf of
GREAT LAKES ENERGY DEVELOPMENT TASK
FORCE

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Summary: the Great Lakes Energy Development Task Force, by its counsel Mary W. Christensen, submits Initial Comments regarding Staff-proposed Rules: New Chapter 4901:1-39 and 4901:1-40, Ohio Administrative Code

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Summary: Comments Submission of Initial Comments on behalf of the Great Lakes Energy Development Task Force regarding Staff-proposed rule revision and amendment: 4901:1-39 and 4901:1-40, OAC, by Mary W. Christensen electronically filed by Ms. Mary W. Christensen on behalf of Great Lakes Energy Development Task Force