

From: Randazzo, Samuel
Sent: Tue 6/11/2019 10:28 AM (GMT-00:00)
To: Mike Dewine
Cc: Dawson, Laurel
Bcc:
Subject: Follow Up

Governor, sorry for the slow response. I am also sorry for the length of my e-mail response below (comes with the subject area).

The objective analysis I have reviewed finds that Ohio's two nuclear plants are not generating sufficient revenue to cover their costs. However, all of the "studies" make very influential assumptions and are static (make computations at a fixed point in time). The real world is not static.

The organic financial viability of Ohio's nuclear plants will depend on the future wholesale price of electricity which will be set by the interaction among and between fundamental forces (like the supply and demand of natural gas) as those forces are affected by government actions including those that produce subsidies (financial and operational) for this or that technology.

As things presently stand, the Ohio proposal requires, as a condition for being classified as a clean air resource and getting a boost, the nuclear plants to demonstrate that but for the boost, the plants will be unable to continue to contribute to emission reductions. The proposal also gives the OAQDA the right to imposed conditions on a beneficiary and to rescind certification. There is also a mechanism in the proposal that works to reduce the \$9 credit per megawatt hour (MWH) as the average market price of electricity moves above \$46 per MWH. So, there are some provisions in the proposal that can be applied to test need for the boost and condition/reduce/adjust/end the amount of the boost. And the length of the program for nuclear now ends (sunsets) in 2026 so the potential total boost is limited by time.

Contextually, there are no similar "need" tests applied to the renewable subsidies in current law or the renewable (solar) subsidy in the proposed legislation.

Some states have required after the fact audits to act as a check on the beneficiaries of the subsidy program. During my senate committee testimony last week, I was asked about these other state audit provisions and we provided the committee with information on what other states have done in this area.

It is my sense that some Senators and staffers are interested in looking at some type of audit to act as a check on the beneficiaries of the financial boost. My experience tells me that the real power of audits or other types of checks is less that one might assume. But, we are supporting Senate efforts to evaluate options that move in this direction.

I hope this reply is helpful. Also, I am available to discuss this or other topics as needed.

Best regards,

Sam

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> On Jun 9, 2019, at 9:42 AM, Mike Dewine <[REDACTED]> wrote:

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> Sam , what do we know about whether nuclear plants need this boost ? One editorial suggested testimony was not conclusive

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> Sent from my iPad