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209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986
Toll Free: 888-757-1904 • www.ccao.org

Cheryl Subler, Executive Director

House State and Local Government Committee
House Bill 87 – Proponent Testimony

Adam Schwiebert
Policy Analyst

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Chairman Wiggam, Vice Chair John, Ranking Member Kelly, and members of the House State and Local Government Committee, thank you for the opportunity to provide proponent testimony in support of House Bill 87. My name is Adam Schwiebert, and I serve as a policy analyst for the County Commissioners Association of Ohio (CCAO).

HB 87 is a simple bill which would enable county commissioners to enter into utility supply contracts under a joint purchasing program for a period longer than 10 years. The state, our state universities, municipalities and townships have no similar time limitation for utility supply contracts; the requirement only exists for counties.

Currently ORC 307.04 limits commissioners from entering into utility supply contracts for a duration longer than ten years. HB 87 would exempt utility supply contracts entered into under a joint purchasing program pursuant to ORC 9.48 from this 10-year limitation.

CCAO, through its CCAO Service Corporation, manages a joint purchasing program under ORC 9.48 for utility supplies for county facilities and county government aggregation programs. This joint purchasing program allows counties to pool their purchasing power together to achieve greater economies of scale, with the end result being more favorable utility pricing for counties. This ultimately generates savings for counties and county government aggregation customers. Sixty-eight of eighty-eight counties are currently participating in the CCAO Service Corporation joint energy purchasing program.

The CCAO Service Corporation, on behalf of its participating county members, is currently reviewing proposals from solar power developers to purchase solar power generation through a power purchase agreement. Anecdotally, CCAO has learned through its energy consultant that the lowest 20-year term pricing offer is 13 percent lower than the lowest 10-year term offer. Other developers have quoted greater differentials between 20 and 10-year contracts.

The purpose of entering into a long-term power purchase agreement is to maximize the savings potential for counties and their aggregation customers by providing a pricing hedge against future electric energy costs. The term of these solar power purchase agreements is typically for the useful life of the generation facility, which typically runs between 20 and 30 years. Current law constrains counties' ability to achieve the best



Fax: 614-220-0209
www.corsa.org



Fax: 614-229-4588
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pricing because they are not able to enter into a single long-term contract for the useful life of the facility and must break the contract up into ten-year increments.

HB 87 contains an emergency clause. This would allow CCAO to immediately move forward in negotiating a power purchase agreement and securing the cost savings benefits available through a longer term contract for our counties and their county residential aggregation programs.

In light of today's energy market conditions, the 10-year maximum contract provision is outdated and impinges upon a county's ability to take full advantage of market conditions to acquire energy for its facilities and its residents through governmental aggregation programs.

Thank you for your time and consideration of CCAO's testimony. I am happy to answer any questions you may have for me.