



Impacts of the Repeal of Ohio's Renewable Portfolio Standards with HB 6

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[Ohio House Bill 6](#) ("HB 6") has enjoyed no shortage of publicity, debate, and advertising spending over the last several months. Estimates show that up to [\\$8.3 million](#) has already been spent on advertisements aimed at swaying public opinion of the bill. Add in the substantial amounts of time, energy, and money that [industry lobbyists](#) have spent on the bill, and the cost of promoting HB 6 has made it one of most expensive pieces of Ohio legislation in recent memory.

By imposing monthly fees on ratepayers, HB 6 provides an approximately \$1 billion state government-backed bailout to save two Northern Ohio nuclear plants from insolvency and imminent closure. HB 6 effectively repeals Ohio's renewable portfolio standards ("RPS"), which are the laws that require Ohio's utilities to have a certain percentage of the total energy generated in the state to be derived from renewable energy sources such as wind and solar. In a phase-out over time, HB 6 will first lower Ohio's RPS to 8.5% by 2026, and then eliminate the state's RPS thereafter. The repeal of Ohio's RPS has received far less press-coverage than the nuclear bailout component of the bill, however, and the RPS repeal may end up having far broader effects on Ohio's economy.

HB 6 was [signed into law](#) on July 23, 2019, and while the final version of HB 6 is [more friendly](#) to Ohio's renewable energy industry than the initial drafts, HB 6 is set to be the largest overhaul of Ohio's energy laws and policy since 2008, when then-Governor Ted Strickland signed the state's RPS into law. On one side of the debate surrounding the bill stood FirstEnergy Solutions, the owner of the [Davis-Besse and Perry nuclear power plants](#) in Northern Ohio, and those who benefit from coal-fired power generation. On the other side of the debate, all of the major players in Ohio's renewable energy industry signed an [open letter](#) to Governor DeWine, urging him to oppose HB 6 in its current form. However, HB 6 was maligned by both [conservatives](#) and [progressives](#) alike: Fiscal conservatives

opposed the government-backed bailout of private assets, and progressives opposed the repeal of Ohio's RPS.

While there are substantial benefits to keeping Ohio's financially threatened nuclear power plants open, repealing the state's RPS will merely grant a temporary reprieve to the state's coal and natural gas industries.

Repealing the RPS could have a ripple effect on the state's economy and would place Ohio firmly in the category of states turning a blind eye to a key component of the future of America's energy industry. Passage of HB 6 makes Ohio only the second state to have ever enacted an RPS and then later repeal it. At least five states have increased their RPS requirements over the past two years, and seven states and the District of Columbia have RPS targets of 50 percent or higher. Without exception, the fastest growing cities in the country are those that are increasingly embracing the benefits of renewable energy.

Businesses, investors, and consumers all increasingly demand power from renewable energy sources. Household names like Microsoft, Apple, Facebook, Anheuser-Busch, 3M, Amazon, Walmart, Target, and many other [major American companies](#) are all in the business of purchasing and procuring renewable energy. Even [shareholders](#) demand that private companies should be invested in renewable energy. When major, modern companies and investors perform site assessments for new warehouses, to locate operations facilities, to invest, and to move jobs, they assess a state's mix of renewable energy. This can be a [crucial factor](#) in a company's ultimate investment decision-making process and could cause Ohio to lose out on much-needed investment.

Long-term growth in demand for renewable energy, coupled with the ever-decreasing costs of wind and solar, will ultimately mean that renewable energy will continue to expand in Ohio even with HB 6's passage, but the short-term impact of HB 6's RPS repeal will certainly slow the expansion.

In the only other state to have ever enacted an RPS and then later repeal it, West Virginia, power prices have risen faster over the last decade than in any other state. Claims that repeals of RPS laws will

save money for ratepayers therefore appear suspect and should be scrutinized closely. Additionally, since repealing its RPS, in contrast to the rest of the country, West Virginia's renewable energy capacity has barely grown.

States that have embraced the renewable energy transition and are using RPS laws to partially do so, however, are experiencing [growth in a booming industry](#). Accordingly, the states with the highest RPS requirements are experiencing the most growth in the renewable energy industry. Growth in the renewable energy space has wide-reaching positive impacts across a diverse array of industries, creating a growth multiplier effect. Study after [study](#) assessing the impacts, costs, and benefits of RPS laws has concluded that the benefits of RPS laws greatly exceed the costs. [One such study](#) estimates that a one percentage point increase in a state's RPS law will result in up to \$100 million in growth benefits for the United States as a whole. In 2013 alone, for example, RPS-related capacity additions supported nearly 200,000 U.S.-based jobs and drove \$20 billion in gross domestic product. During the same time period, renewable power generation being used to meet the 2013 RPS compliance obligations effectively shifted relevant states' energy supply curves, reducing wholesale electricity prices and yielding significant savings to electricity consumers.

States that continue to embrace RPS laws and increase the RPS requirements gradually over time will continue to reap the benefits of the booming renewable energy industry. HB 6's repeal of the RPS law will stifle Ohio's growth, hamper the state's renewable energy industry, and subject Ohio ratepayers to faster rising prices more heavily dependent on commodity price swings.

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