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ENERGY GUEST BLOG -- JOHN COLM, of WIRE-net

Weakening Ohio's energy efficiency requirements is not a good option for the state's manufacturers

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Ohio Senate Bill 221 (SB 221), passed into law in 2008, established statewide renewable energy and efficiency improvements, including provisions that called for 12.5% of power generation from renewable sources by 2025, and a 22.2% cumulative electricity efficiency savings by 2025, with a 7% peak demand reduction by 2017 for electric utilities.

Now, five years after passing S.B. 221, legislation has been introduced by Sen. William Seitz, R-Cincinnati, in the Ohio Senate (SB 58) that would overhaul the current state policy pertaining to energy efficiency standards and advanced and renewable energy standards. A vote is expected by mid-November.

In our view, this action disproportionately favors the state's utilities while removing incentives to increase energy efficiency, which will impact manufacturers on several fronts.

Discerning the facts

Researchers at Ohio State University have concluded that Ohio's renewable and energy efficiency standards have saved ratepayers 1.4% since the passage of SB 221 in 2008. Their study, in partnership with Ohio Advanced Energy Economy, also determined that the current attempts to weaken these 5-year-old standards will result in higher energy bills, fewer jobs and increased CO2 emissions over the coming decade.

The indicators don't lie. According to the study, SB 221 has positively impacted the state's energy efficiency and renewable portfolio from 2008-2012:

- Total electricity demand: down 2.6%
- Electricity cost: down 1.4%
- Total renewable electricity generation: up 63.8%
- Total power sector employment: up 16.8%
- Total government investment: up 8.5%
- Total CO2 emissions: down 1.9%

The study points out that increased investments in the energy sector stimulated Ohio's GDP by

\$160 million in 2012 and created more than 3,200 Ohio jobs in the period from 2008-2012.

Revising the law would impact the wallets of both consumers and manufacturers, according to the study.

"If SB 58 is enacted, the effect will be an electricity bill 3.9% higher than if SB 221 were left unchanged," the study states. "This translates into increases of \$1.1 billion between 2014 and 2020, and \$3.65 billion between 2014 and 2025, with average increases of \$300 million."

The study concludes, "... the synergies created by the combination of energy efficiency and renewable energy, as well as the associated cost savings and employment generation, are having positive impacts on Ohio's economy and will continue to be beneficial in the medium to longer term."

SB 58 will affect manufacturers

According to an executive overview of SB 58 recently compiled by the Ohio Manufacturers Association (OMA), the significant changes in the advanced energy and renewable standards "would . . . limit the development of advanced and renewable projects, which are diversifying the state's energy portfolio. Additionally, removing the in-state requirement would lower the value of renewable projects, such as solar arrays or wind generators, financed by manufacturers."

Ohio manufacturers would be affected on several fronts with the passage of this revised legislation:

- Capping (or reducing) the amount of money that electric utilities would use to reimburse in-plant projects to increase energy efficiency
- Enabling utilities to avoid providing incentives for reduced energy consumption programs initiated by manufacturers by allowing those utilities to count investments in their own operations
- Eliminating the in-state requirement for renewable energy generation

Alternately, the current bill (SB 221) already is benefiting manufacturers.

The OMA recently released a cost-benefit analysis detailing the impact on the state's energy efficiency standards on manufacturers' electricity bills. "The analysis shows a price-suppression benefit for all types of manufacturing operations, large to small, that outweighs the cost of the utility riders that support the energy efficiency programs. That is, the energy efficiency programs are saving all manufacturers money on their electricity bills," according to the OMA report.

Our position

Ohio manufacturers are taking an aggressive stand against SB 58.

In partnership with organizations such as the Ohio Manufacturers Association and the Ohio Advanced Energy Economy (a coalition for innovative, secure and affordable energy), and other manufacturing advocates nationwide, WIRE-Net is calling for Ohio legislators to act in a

reasonable and responsible manner and strike down Sen. Seitz's efforts.

We agree with a growing list of industry advocates, mayors, city councils and editorial boards across the state that are publicly voicing their opposition to the bill.

An analysis of Sen. Seitz's bill by the Union of Concerned Scientists concluded, "Periodic review of any policy makes good sense. But such reviews need to be based on sound and transparent analysis from credible sources, not ideological attacks and disinformation from special interest groups funded by the very industry that stands to benefit from dismantling the policy.

The Ohio Manufacturers Association concurs.

“SB 58 represents an extensive rewrite of state energy policy that will have the effect of increasing electricity costs for Ohio manufacturers while over-compensating utilities, now and into the future,” said OMA president Eric Burkland. “In its current form, the bill contains too many unjustified benefits for utilities and insufficient protections for manufacturers for whom energy costs are a major competitiveness issue.”