



Manufacturers Take a Stand Against Energy Bill Overhaul

S.B. 58 would undo progress made on current renewable energy and efficiency standards in Ohio

By

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Background

Ohio Senate Bill 221 (S.B. 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 William Seitz (R-Cincinnati) in the Ohio Senate (S.B. 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 bill's inception in 2008. Their study, in partnership with Ohio Advanced Energy Economy, also determined that the current attempts to weaken these five-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, S.B. 221 has positively impacted the state's energy efficiency and renewable portfolio from 2008-2012:

Total Electricity Demand:	- 2.57%
Electricity Cost:	- 1.41%
Total Renewable Electricity Generation:	+ 63.76%
Total Power Sector Employment:	+ 16.77%
Total Government Investment:	+ 8.46%
Total CO2 Emissions:	- 1.92%

The study points out that increased investments in the energy sector stimulated GDP by \$160 million in 2012 and created over 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 S.B. 58 is enacted, the effect will be an electricity bill 3.9% higher than if S.B. 221 were left unchanged," it 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."

S.B. 58 Will Affect Manufacturers

In an executive overview of S.B. 58 recently compiled by the Ohio Manufacturer's 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 (S.B. 221) is already 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

WIRE-Net members are taking an aggressive stand against S.B. 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 Senator Seitz's efforts.

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

An analysis of the Seitz 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."

"A rigorous review of Ohio's renewable energy and energy efficiency standards would find that these policies have been effective, affordable, and are delivering benefits to consumers and the environment,"

their statement reads. "They should be strengthened – not repealed or diluted."

References:

Cleveland.com... OMA opposition to SB 58

http://www.cleveland.com/business/index.ssf/2013/10/ohio_manufactures_association.html

Ohio Manufacturers Association UPDATES

www.ohiomfg.com/communities/energy/

Executive Overview of SB58

http://www.ohiomfg.com/wp-content/uploads/2013-10-11_LB_energy_sb_58_executive_briefing_10-9-13_w_js-kb_edits.pdf

OSU study "Economic Analysis of Ohio's Renewable and Energy Efficiency Standards"

http://www.ohiomfg.com/wp-content/uploads/2013-10-04_lb_energy_deeps_sept25_2013_model_results.pdf

PD editorial board statements

10/20/13 Editorial

http://www.cleveland.com/opinion/index.ssf/2013/10/the_ohio_senate_should_give_fl.html#incart_river

09/28/13 Editorial

http://www.cleveland.com/opinion/index.ssf/2013/09/statehouse_republicans_have_th.html

Union of Concerned Scientists blog

<http://blog.ucsusa.org/fact-checking-alecs-attacks-on-ohios-clean-energy-standards-267>

TAKE ACTION:

Here's What Manufacturers Can Do to Stop S.B. 58

1. **Call your representative and Governor Kasich** and voice your concern as a manufacturer.
2. **Write a letter** to your representative and Governor Kasich.
3. **Voice your opinion** in your local media.
4. **Stay informed.** Websites such as www.OhioAdvancedEnergy.org, www.EnergyFutureCoalition.org, www.ohiomfg.com/communities/energy/ and www.ohiogreenstrategies.com/ all have updated information on the progress of this important issue.
5. **Talk to your peers** to exchange information and ideas.
6. **Email this article** to your contacts to keep them informed.
7. **Host an industry roundtable** with your legislator. Let WIRE-Net know if you are willing to do so and we'll help organize it with you.

About the Author: *John Colm is President and Executive Director of WIRE-Net, (www.wire-net.org), a non-profit economic development organization made up of hundreds of manufacturers throughout Ohio. The organization serves as a consultant, collaborator, referral source and hands-on provider in workforce development, growth and operational improvement initiatives, peer to peer and expert knowledge sharing, supply chain development, governmental assistance programs and urban redevelopment. Colm can be reached via email at john@wire-net.org or by phone at 216-588-1445.*