

# Affordable, Reliable and Clean Energy:

*It's a key to Ohio's future  
economic competitiveness*

***Kevin Schmidt***

***Director, Public Policy Services***

***Ohio Manufacturers' Association***

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December 12, 2007



# Outline of Remarks

- ✓ **Ohio's Energy Challenge:  
The Case of Action Now**
- ✓ **ISSUE #1: Electricity Pricing**
- ✓ **ISSUE #2: Advanced and  
Renewable Energy**

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# A Word About the OMA

- ✓ It represents over 1,800 manufacturers of all sizes and industries.
- ✓ It's the recognized voice of manufacturing in Ohio and at the Ohio Statehouse.

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# 1999

The promise of electricity deregulation was clear:

- ★ *Competitive power markets*
- ★ *Enhanced efficiency*
- ★ *Lower prices for consumers*

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# But deregulation DIDN'T work.

- ★ *Our power markets are  
**NOT COMPETITIVE***
- ★ *Today, competitively  
priced electricity  
**COSTS MORE . . . not less.***

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Last year . . . electricity consumers in ***Maryland*** faced a ***72% rate increase***

. . . until state lawmakers stepped in and capped the increase.

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When **Illinois'** freeze on electricity rates ended earlier this year . . . millions of consumers saw their electric bills **go up between 30% and 50%.**

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“Since 1999, prices for industrial customers in deregulated states have risen from **18 percent** above the national average to **37 percent** above.” \*

**Marilyn Showalter**

Former Washington State utility regulator

\* *Based on U.S. Department of Energy data*

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Deregulation hasn't given consumers a choice of energy suppliers. Instead, the only thing that happened is that **“energy companies’ bottom lines were protected, while residential consumers’ pocketbooks were not.” \***

*Dayton Daily News*

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Ohio electric utilities say  
***competition is the light at  
the end of the tunnel.***

Ohio consumers and a  
growing number of public  
officials see it differently.

For them, ***deregulation  
is a train wreck in  
the making.***

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***“When you come to a  
fork in the road, take it.”***

**Yogi Berra was wrong!**

**Ohio needs to address it's  
electricity challenge. Ohio  
needs to chose a path.**

**Action is needed NOW!**

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# *Where Ohio manufacturers stand ...*

**1** Rate setting should be **cost-based** with energy prices that are grounded in a **fact-based, transparent, measurable and reviewable standard.**

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## *Where we stand . . .*

**2** All residential, commercial and industrial consumers should ***equally share*** the cost of providing electricity.

We oppose cross-class subsidization!

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## *Where we stand . . .*

**3** Ohio needs a **“win-win solution”** that produces **benefits for consumers**, measured in terms of reliability and cost . . .

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## *Where we stand . . .*

**4** . . . that encourages electric generating utilities to operate in a regulated environment, with ***firm accountability measures*** for those that choose non-regulation . . .

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## *Where we stand . . .*

**5** . . . and that establishes an Advanced Energy Portfolio that ***promotes renewable and advanced energy and spreads the cost and benefits through all customer classes.***

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**Viewed in traditional  
terms . . .**

**Ohio doesn't have  
a competitive  
electricity market.**

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This is why the OMA has  
joined with other electricity  
consumers to form the . . .



It's why we support  
***Sub. Senate Bill 221.***

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# Substitute Senate Bill 221

promotes renewable and advanced energy.

The OMA and Ohio Coalition for Affordable Power agree.

It's a good idea.

*Action is needed NOW!*

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*Where Ohio  
manufacturers  
stand on renewable  
and advanced  
energy . . .*

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✓ We recognize the need for Ohio to diversify its electricity production from its current mix of nearly 98% coal and nuclear.

✓ In fact, the OMA was the principle architect of SB 265 (125<sup>th</sup> General Assembly) that would have encouraged the diversification of Ohio's electricity generating fleet.

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✓ Policies that encourage the use of clean technologies to produce electricity benefit Ohio by (1) increasing energy production and (2) creating a cleaner environment.

✓ Such policies must recognize the dynamic nature of the advanced and renewable energy industries.

***It's the only way to avoid undermining Ohio's economic competitiveness.***

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- ✓ Rigid scheduling of renewable energy mandates creates an inflexible environment that is **not responsive** to emerging technology or costs.
- ✓ Codifying specific percentage mandates of renewable energy **ignores** the very real possibility that Ohio may **not** be able to attain the specific percentages in their respective time frame.

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✓ The OMA has concerns that renewable energy portfolio standards may abruptly increase the costs of electricity without providing commensurate benefits to Ohio's electricity consumers.

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**An inflexible policy that does not take into account the cost of advanced or renewable generation could make Ohio's energy prices uncompetitive and result in the dislocation of jobs.**

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***Affordable, reliable energy  
. . . and the use of clean  
technologies to produce  
electricity . . . is critical  
to Ohio's short- and long-term  
economic competitiveness.***

***Ohio manufacturers  
support forward looking,  
responsible energy  
policies.***

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