

**BEFORE THE
PUBLIC UTILITIES COMMITTEE
OF THE OHIO HOUSE OF REPRESENTATIVES**

REP. PETER STAUTBERG, CHAIRMAN

**AM. SUB. SENATE BILL 310
TESTIMONY OF**

THE OHIO MANUFACTURERS' ASSOCIATION

**BY
BRADLEY BELDEN**

MAY 14, 2014

Chairman Stautberg . . . members of the House Public Utilities Committee . . . Good morning. Thank you for the opportunity to testify today on Senate Bill 310 and its proposed changes to Ohio's energy efficiency policies.

My name is Bradley H. Belden. I am Director of Support Services for The Belden Brick Company, which is headquartered in Canton, Ohio.

Our company owns and operates six plants in Tuscarawas County and employs approximately 450 people in Ohio. We produce both molded and extruded face brick and pavers.

The Belden Brick Company is the largest family-owned and managed brick company in the nation, and the sixth-largest brick manufacturer overall, as measured by production volume.

Access to reliable, affordable electricity is a big competitiveness issue for our company. Our electric spend represents about 4.5 percent of our overall costs. While that doesn't qualify us as an "electric energy intensive" industry, it still represents a significant annual cost. We are always looking for ways to reduce our costs – including what we spend on electricity – because that frees up resources that can be used to invest back into the business and create jobs.

So we are keenly interested in public policies that will drive lowest-cost energy resources and solutions.

Energy efficiency is a valuable cost control tool for manufacturers seeking to reduce their energy usage and expenses.

Managing energy consumption and costs in a manufacturing setting has plenty of inherent challenges. Some of the biggest ones include a low threshold for payback, staff time constraints, and limited in-house expertise.

To the extent that our company does engage in energy efficiency, our goal is pretty straightforward: First, we want to be sure that any investment we make in energy efficiency is an investment that ultimately pays itself back with future savings that yield a return for the company. However, we also believe and welcome the fact that efficiency improvements made by us will yield lower rates for the electricity our region consumes due to the operation of the PJM capacity markets.

With that requirement in mind, we are generally very pleased so far with the impact of the energy efficiency standards and policies enacted by Senate Bill 221. For The Belden Brick Company, the energy efficiency programs now available to companies like ours are working as intended.

Let me share with you some specific numbers.

About 3 percent of our electric bill goes towards the energy efficiency rider. To date, we have recouped about 65 percent of our rider costs in incentive payments for efficiency projects.

Our two major efficiency investments have been a lighting project in which we re-lamped almost all of our facilities, and the installation of a new, energy-efficient air compressor.

We estimate our annual electricity cost savings due to these efficiency upgrades amounts to about 5 percent of our prior spend.

Not only is our net benefit considerable, but with the incentives, the payback timeline for our investment in these efficiency projects was reduced by more than a year. The incentives drove the payback down to 2 to 3 years instead of 3 to 4 years.

Based on our experience to date, we are planning to embark on additional efficiency projects.

In addition, we are also enrolled in an AEP-sponsored program that educates manufacturers on low-cost/no-cost energy efficiency practices. This project also will pay an incentive if successful – on top of any energy savings we realize. We are hoping to reduce our costs by another 5 percent per year through this program.

So from the perspective of The Belden Brick Company – based on firsthand experience – Ohio's energy efficiency standards and policies are producing documented, quantifiable benefits in the form of significant reductions in our electricity costs.

Our company is not alone in this regard.

During the past year, The Ohio Manufacturers' Association has commissioned two separate studies to analyze the impact the state's efficiency standards and policies have had on consumers across Ohio.

I'm a manufacturer, not an energy expert, but both studies show the SB 221 energy efficiency provisions are working largely as intended to drive down electricity costs.

The most recent of those studies reported the results of a detailed cost-benefit analysis. The analysis shows that the price mitigation benefits of the current energy efficiency standards and policies exceed the energy rider costs – for all sizes of manufacturers in all four electric utility service territories in Ohio.

The utilities' own reporting to the Public Utilities Commission of Ohio confirms that the energy efficiency programs' savings far outweigh the costs of the programs.

Like most successful businesses today, The Belden Brick Company is strongly data-driven. We believe state policy also should be backed up by hard data, to the fullest extent possible.

We find the results of the data-driven, OMA-commissioned studies, and the utilities' reports, to be compelling. Moreover, to date we have not seen any hard data to the contrary. Until such data turn up, we think any efforts to overhaul state policy on energy efficiency should proceed with great caution.

In view of that, considering that existing studies, including the utilities' own reporting to the PUCO, clearly show that the policy is working as intended, there is no compelling need to freeze the standards while the proposed Study Committee does its work.

In closing, let me say again that Ohio's existing energy efficiency standards and policies are working for The Belden Brick Company. Clear data exist documenting that the program is working for other manufacturers across Ohio as well.

Chairman Stautberg . . . members of the committee . . . this concludes my prepared remarks. Thank you for your kind attention. I will do my best to try to answer any questions you may have.

#