



SB 58: Bad for Ohio Manufacturers

Key Talking Points

- Energy efficiency is a low-cost strategy for constraining manufacturers' electricity costs and helping to mitigate price volatility in a competitive marketplace where electricity prices are set by auction rather than through regulation.
- Third-party studies show that Ohio's current Energy Efficiency Standards ("standards") are working as intended. Utilities are achieving the energy-reduction benchmarks and customers are thereby saving money. Direct and indirect financial benefits outweigh the cost of the energy efficiency riders.
- By radically overhauling and weakening the standards, SB 58 could wipe out \$2.5 billion in projected savings from energy efficiency and increase electricity costs for manufacturers for years to come.
- SB 58 undermines the intent of the standards by enabling utilities to "count" new categories of efficiency that add no value for customer and produce no additional direct or indirect energy savings. This will make it easier for utilities to meet the targets without doing anything to reduce demand for power and achieve real energy savings.
- SB 58 provides unprecedented, unjustifiable energy efficiency cost recovery for utilities – four to five times higher than Ohio's normal utility rates of recovery, and among the highest in the nation. Utilities will be guaranteed a 33% profit on net benefits regardless of whether they meet the energy efficiency standards or not.
- SB 58 severely limits utilities' ability to bid energy efficiency – which functions as a generation asset – into regional capacity auctions and thereby suppress wholesale prices for electricity (as currently is occurring). This will lead to higher wholesale prices.
- SB 58 reduces important consumer protections and limits the ability of the Public Utilities Commission of Ohio (PUCO) and ratepayers to keep rates reasonable over time. By codifying into law many provisions that should be negotiated on a case-by-case basis through the PUCO hearing process and based on current circumstances, the bill limits the PUCO's discretionary authority, its ability to receive stakeholder input and its flexibility to adapt to changing circumstances.
- As with any five-year-old law, current law has room for improvement, but SB 58 is the wrong mechanism for achieving that objective.