Energy Committee

June 25, 2014

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2014 Energy Committee Calendar
Meetings will begin at 10:00am

Wednesday, June 25, 2014
Thursday, September 18, 2014
Thursday, November 13, 2014

OMA Energy Committee Meeting Sponsor:

The Ohio Manufacturers' Association

OMA Energy Committee Agenda
June 25, 2014

Welcome and Introductions	Ed Forshey, AMG Vanadium
Member Spotlight	
• **Peer-to-peer energy cost savings**	Anthony Smith, Cooper Tires
Energy Efficiency Report	John Seryak, PE, GoSustainableEnergy
• **PJM Capacity Price Results**	
• **CHP / EE Workgroup**	
• **OMA member benefits**	
• **Utility programs**	
Public Policy Report	Ryan Augsburger, OMA Staff
Counsel's Report	
• **SB 310 (FINAL) Analysis** • **FES "polar vortex" pass-through charge s**	Kim Bojko, Carpenter Lipps & Leland Rebecca Hussey, Carpenter Lipps & Leland Mallory Mohler, Carpenter Lipps & Leland
Guest Remarks	
• **US EPA Regulations Proposed rule 111(d) would regulate carbon emissions on existing power plants**	Ross Eisenberg, Vice President Energy & Resources Policy, NAM
• **Mitigating Increased Electric Capacity Prices**	Susanne Buckley & Greg Bechert, Scioto Energy
• **Special Presentation**	Jon Williams, AEP Ohio
• **OMA Commissioned Research: Electricity Markets in Ohio**	Dr. Iryna Lendel and Andrew Thomas of Cleveland State University
Lunch	
Natural Gas Report	Richard Ricks, NiSource

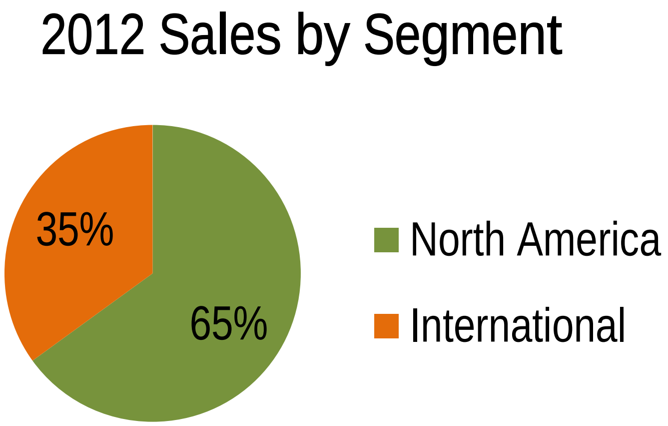
Meeting sponsored by:

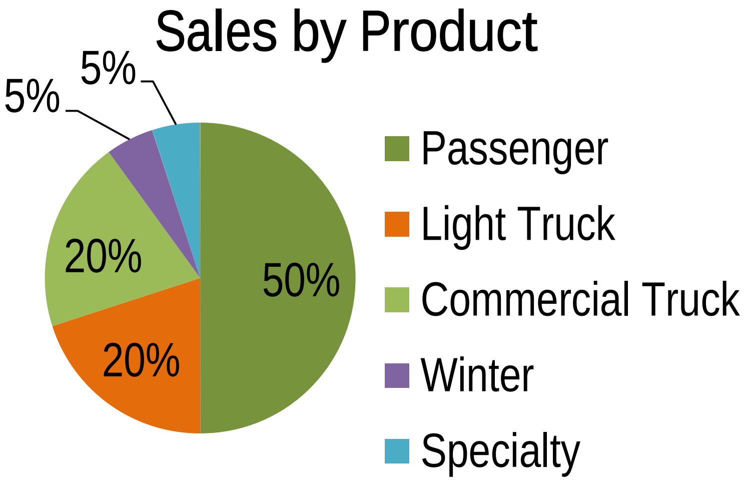
AEP OHIO

OMA Energy Committee
June 25, 2014
Anthony Smith, PE

ENERGY MANAGEMENT AT COOPER TIRE

A Leader in the Tire Industry


2012 Sales by Segment


Sales by Product

- 11th largest global tire manufacturer and 4th largest in the U.S. *
- 2012 revenue of $4.2 billion
- 14% market share in the U.S. light vehicle replacement tire market
- Limited, but growing, O.E. presence
- Rapidly growing international segment
- 2012 unit sales ≈49.5 million tires

* Source: Tire Business Market Data Book – February 18, 2013

House Brands

COOPERTIRES

AVON TYRES

DEAN TIRES

MICKEY THOMPSON® PERFORMANCE M/T TIRES & WHEELS

Chengshan

Mastercraft TIRES

Starfire TIRES

ROADMASTER® TIRES

Dick CEPEK® TIRES & WHEELS

AUSTONE®

Private Label Brands

Private Brand Distributors and National Retailers

HERCULES TIRES

TBC CORPORATION

Tires LES SCHWAB

BIG O TIRES

PEPBOYS

NTB
TIRES · SERVICE · BRAKES · BATTERIES

MERCHANT'S
TIRE & AUTO CENTERS

DISCOUNT TIRE

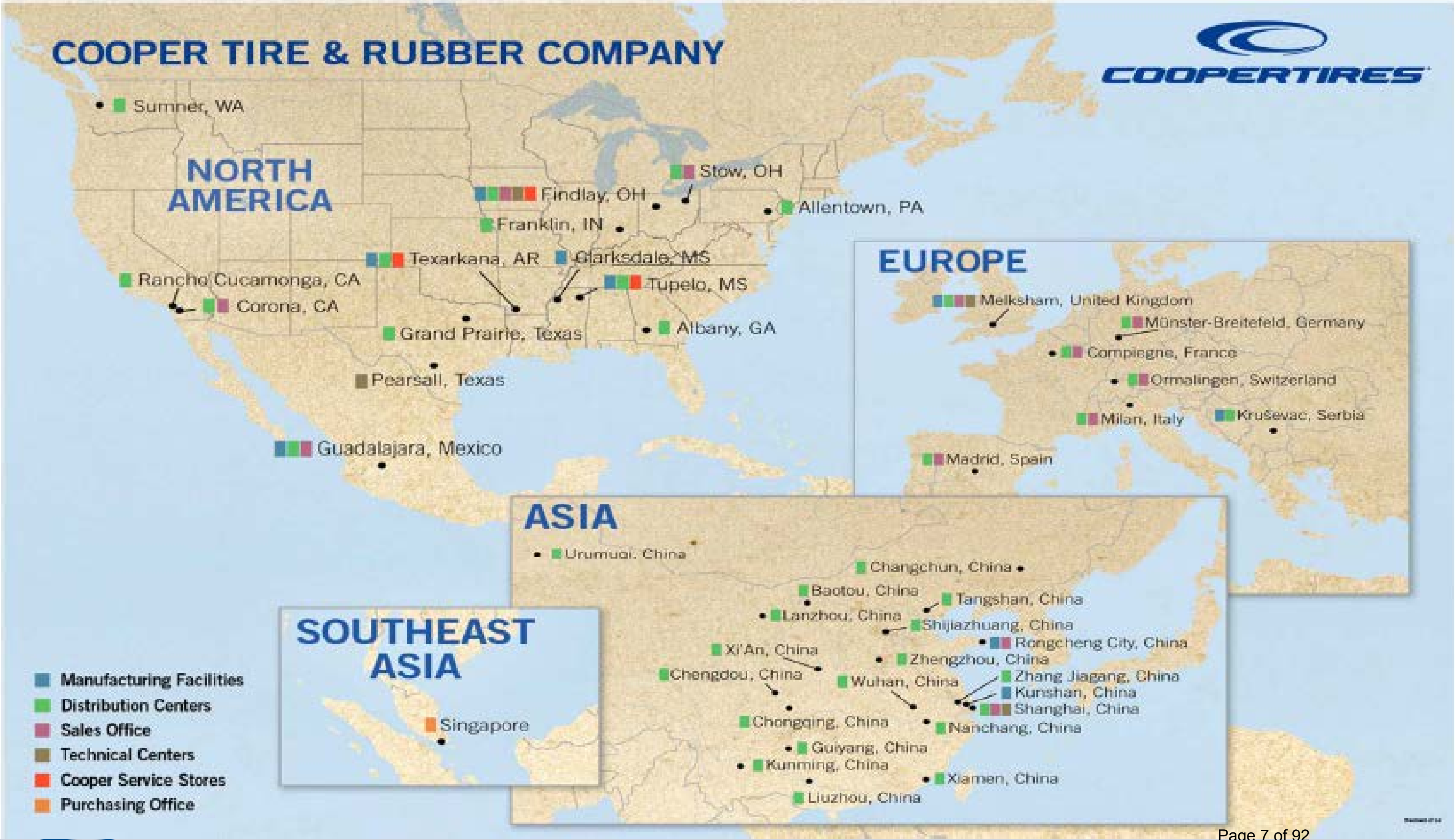
Del-Nat
TIRE CORPORATION

SEARS
Auto Center

TIRE KINGDOM
SERVICE · BRAKES · BATTERIES · MORE

CANADIAN TIRE

A Global Footprint

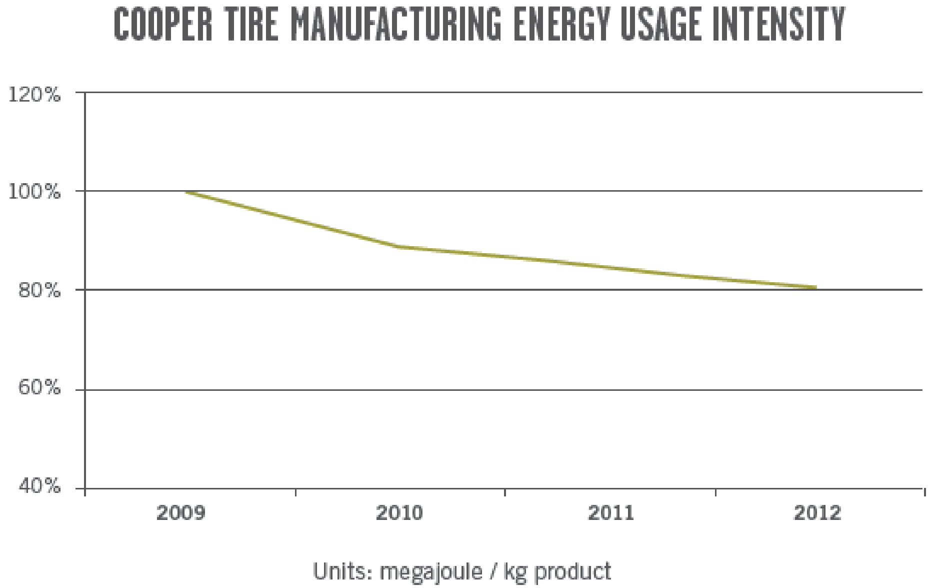


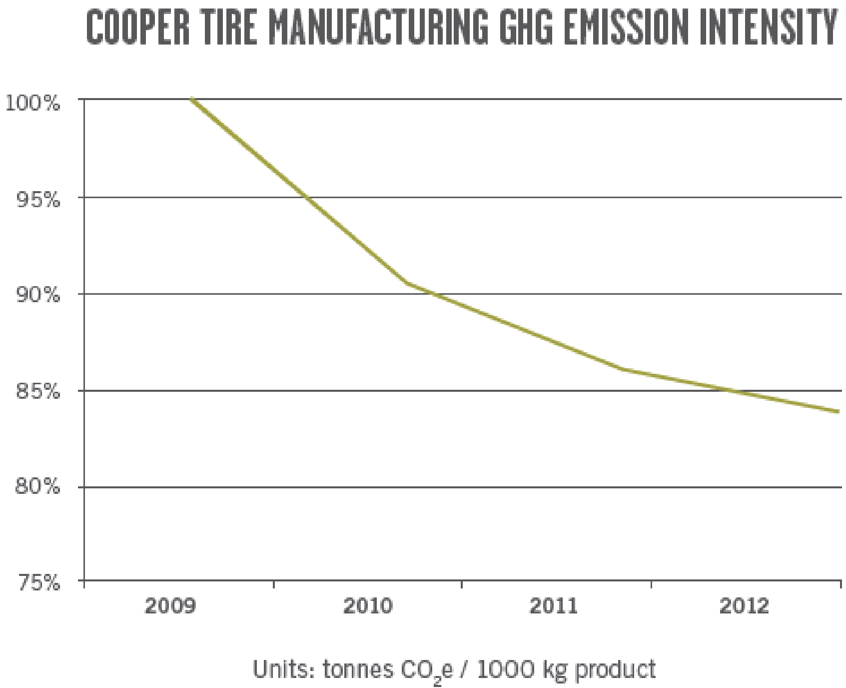
Corporate Environmental Goals

World Class Steward of Resources and Maintaining Environmental Integrity

- Reducing waste generated and going to landfills
- Reducing water use
- Increasing % of scrap going to non-fuel use
- Reducing energy use
  - – Sustainability Report available at www.coopertire.com

Corporate Environmental Goals





Energy Goals

Commitment by Cooper to Implement Energy Savings Initiatives

- Full-time Energy Manager in each North American Cooper Plant
- Capital Budget Funding for Projects that Meet Payback Requirements
  - Payback threshold of 3 years or less required
  - 2 years or less desirable
- Monthly Energy Conference Calls with North American Plants
- Projects Communicated and Shared with All Plants

Findlay Plant Energy Initiatives

- Lighting Upgrades
- AEP CEI Program
- Demand Response
- PLC Management

- Steam Piping Insulation

Findlay Plant Energy Initiatives

Lighting Upgrades

- Previous Lighting Standard was 400W Metal Halide Fixtures Located Throughout Plant
- Efficient Fixture Technologies Evaluated
- Technology Selected Based on Project Payback and Total Ten Year Cost of Ownership
- LED Considered but Did Not Meet Payback Threshold of Three Years
- Induction Technology Offered Close to Three Year Payback
- AEP Utility Incentive Reduced Payback to Under Three Years for Induction

Old Metal Halide
Fixture
400W
(458W actual)

New Induction Fixture
200W
(210W actual)

Findlay Plant Energy Initiatives

AEP CEI Program

- The Findlay Plant recently completed our first year in the AEP Continuous Energy Improvement (CEI) program
- The CEI program provides an opportunity to earn a utility rebate by implementing low cost/no cost improvements and behaviors to the plant to reduce electricity usage
- AEP will pay a rebate of $0.02 per KWH reduced per year for three years
- First year usage reduction of over 3,000,000 KWH per year for Cooper Tire

Employee Engagement

Have an Energy Saving Idea for the Findlay Plant??

I CARE Suggestions
Employee Engagement = Results

Submit your idea on an ICARE form and if it gets implemented, you receive a free 60W equivalent LED bulb!!

Help Keep the Plant Competitive: If You're Not Using It, Turn It Off!!

Findlay Plant Energy Initiatives

Benefits Received from AEP Programs

- Total KWH Savings per Year for Lighting and CEI: 11,542,182 KWH
- CO2 Emissions Reduced Annually: 7,959 Metric Tons

- Reduced Power Consumption the Equivalent of 962 Residential Homes

  - *Had the Project Payback Been Greater Than 3 Years, None of These Benefits Would Have Occurred*

- Conversion factors from U.S. EIA and DOE

Findlay Plant Energy Initiatives

Strategies for minimizing the impact of capacity cost increases for electricity

- Costs for electric capacity have increased June 1st from 2% to 10% of total electric bill
- Capacity cost is based on our Peak Load Contribution (PLC) during the five highest hours of demand on the electrical grid
- Cooper has renewed participation in demand response and is working to manage PLC in the Summer

Findlay Plant Energy Initiatives

Demand Response

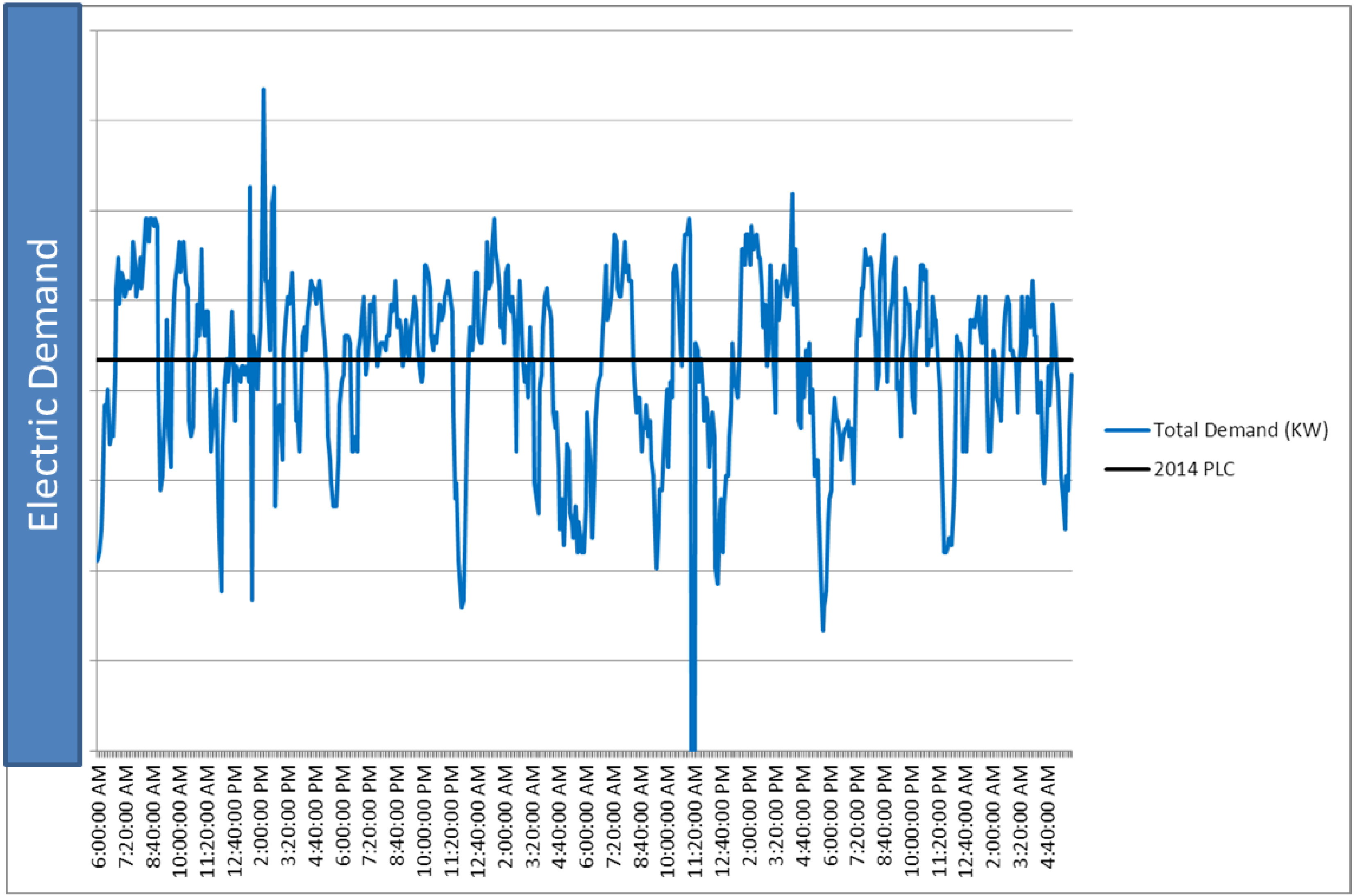
- Get paid for being on stand-by to reduce electric demand when PJM calls an event
- Demand Response events are likely to occur during PLC hours which helps reduce PLC average
- Provide free "real-time" monitoring equipment for electrical demand

Findlay Plant Energy Initiatives

PLC Management

- 24 of 30 PLC hours during the last six years have occurred between 4 and 5 PM on the hottest days of summer
- Signed up for free alerts from CRES electrical supplier on forecasts for PLC days
- Educated production and maintenance to do PM's and shift planned downtime during late afternoon on large electrical use machines

Findlay Plant Energy Initiatives



Findlay Plant Energy Initiatives

Steam Piping Insulation Upgrades

- Yearly walk of steam distribution system
- List of insulation compiled
- For 2014, approximately 800 linear feet of steam piping to be upgraded during July Shutdown
- Rebates are available from Columbia Gas to offset cost of the project!
- For 2014, estimated rebate of 50% of project cost from Columbia Gas

Findlay Plant Energy Initiatives

Questions??

Contact me at ajsmith1@coopertire.com or LinkedIn

Go Sustainable Energy, LLC

3709 N. High Street, Suite 100, Columbus, OH 43214
www.gosustainableenergy.com – 614.268.4263

MEMORANDUM

Date: June 24, 2014

To: Ohio Manufacturer's Association – Energy Committee

From: John Seryak, PE (Go Sustainable Energy)

RE: Energy Committee 6.25.14 Meeting - Energy Efficiency Report

PJM Capacity Market Bid

The PJM Interconnection conducted its annual Base Residual Auction (BRA) to forecast demand and provide supply for the 2017/18 delivery year. The BRA cleared 167,004 MW of capacity at a price of $120 /MW-day. By comparison, Ohio ratepayers today pay $27.73 /MW-day, and last year paid $16.46 /MW-day. This continues a trend of significantly higher capacity prices in future years, compared to today's prices. Notable takeaways from this year's auction include:

- Capacity prices for the American Transmission System, Inc. (ATSI), which includes the First Energy companies, cleared at the same price as the rest of Ohio, the first time in several years.
- A number of factors contributed to higher capacity prices, including limits on generation imports, limits on demand response, and limited energy-efficiency bids from electric utilities.
- Consumer-based Resources
    - Consumer-based resources tend to push prices lower, and route revenue back to consumers.
    - 8% of total capacity cleared in 2017/18 was from consumer resources (peak of 11% in 2014/15)
    - Efficiency bid - Ohio's four investor-owned utilities bid in a combined 345 MW of energy-efficiency, which will result in $15 million worth of capacity payments to defray the costs of energy-efficiency programs. However, utilities left as much as 450 MW of energy-efficiency out of the auction, leaving an estimated $13 - $20 million on the table.
        - Energy efficiency as a resource has steadily increased, to a record 1,339 MW.
        - Efficiency bids lagging from many other states.
    - Demand response –
        - Demand response has decreased from a 2015/16 high of 14,833 MW to 10,975 MW in 2017/18, partially due to imposed caps on participation.

Impact on manufacturers

The tables and graphs below show how capacity prices will be varying over the next few years, and what the impact is to a typical small, medium, or large manufacturer.

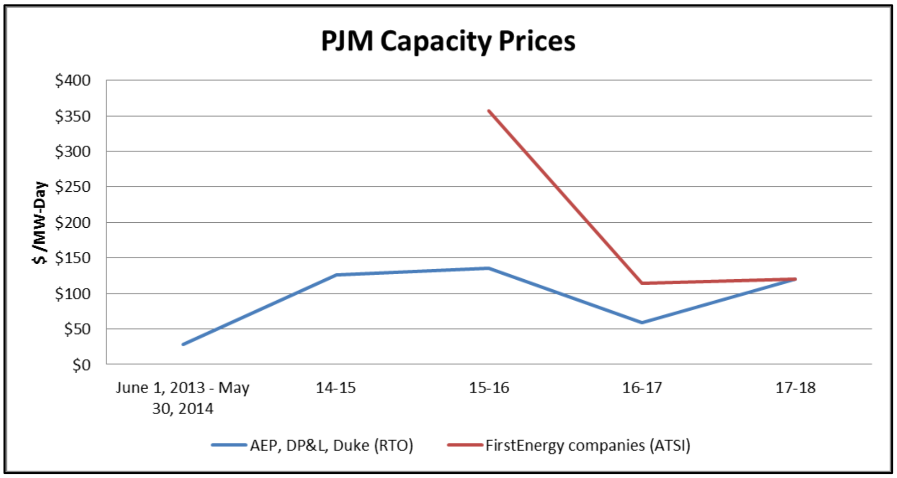


Figure 1: Capacity Prices in Coming Years

		Small Mfg (DP&L, Duke, AEP)	Small Mfg (FirstEnergy)	Medium Mfg (DP&L, Duke, AEP)	Medium Mfg (FirstEnergy)	Large Mfg (DP&L, Duke, AEP)	Large Mfg (FirstEnergy)
	kWh	530,000	530,000	10,000,000	10,000,000	55,000,000	55,000,000
Delivery Year	kW	200	200	1,800	1,800	11,000	11,000
June 1, 2013 - May 30, 2014	Annual Costs	$2,024	$2,024	$18,219	$18,219	$111,336	$111,336
	% of Bill	3.7%	3.7%	2.2%	2.2%	3.6%	3.6%
14-15	Annual Costs	$9,197	$9,197	$82,775	$82,775	$505,850	$505,850
	% of Bill	16.7%	16.7%	10.0%	10.0%	16.3%	16.3%
15-16	Annual Costs	$9,928	$26,061	$89,352	$234,549	$546,040	$1,433,355
	% of Bill	18.1%	47.4%	10.8%	28.4%	17.6%	46.2%
16-17	Annual Costs	$4,334	$8,339	$39,006	$75,049	$238,371	$458,633
	% of Bill	7.9%	15.2%	4.7%	9.1%	7.7%	14.8%
17-18	Annual Costs	$8,760	$8,760	$78,840	$78,840	$481,800	$481,800
	% of Bill	15.9%	15.9%	9.6%	9.6%	15.5%	15.5%

Table 1: Annual Costs of Capacity, % of Utility Bill – Small, Medium, Large Manufacturers

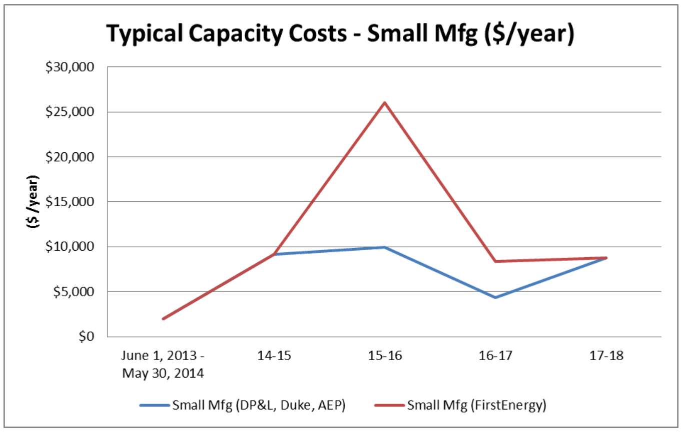


Figure 2: Annual Capacity Costs in Coming years for a Typical Small Manufacturer

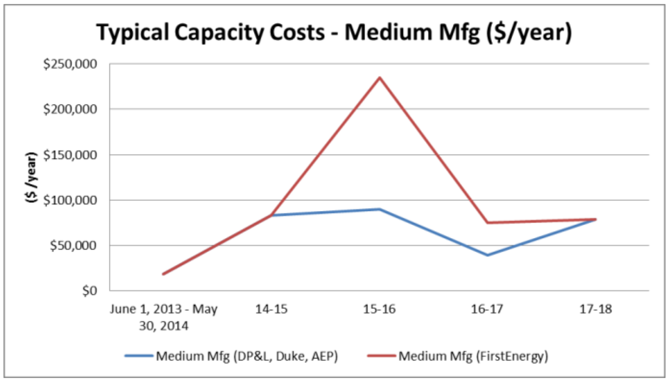


Figure 3: Annual Capacity Costs in Coming years for a Typical Medium Manufacturer

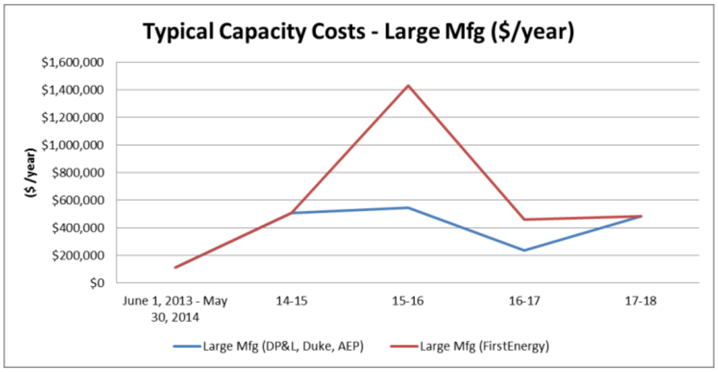


Figure 4: Annual Capacity Costs in Coming years for a Typical Large Manufacturer

Member Services

- Please continue to contact OMA to assist with your efficiency project, whether it be a need for technical advice, rebate application assistance, or working with your utility.
    - This year we've provided...
        - Rebate assistance – 2 members
        - Rebate resolution - 1 member
        - Rebate reapplication – 2 members
        - Self-direct reapplication – 1 member
        - Savings calculation review – 1 member
    - Contact John for assistance or more information – jseryak@gosustainableenergy.com, or 614-268-4263 x302.
- Please consider attending the upcoming Energy Efficiency/CHP Workgroups
    - July 15th, 10 am – 11:30 am – Compressed Air
    - September 17th, 10 am – 11:30 am – Waste Energy Recovery.
    - Past work-group presentations and documents are at: http://www.ohiomfg.com/omas-chpweree-work-group/

Utility Program Update

- AEP
  - AEP expected to extend energy-efficiency programs through 2016. SB 310 rules would not take effect for AEP customers until 2017.
  - Bid-to-Win: **$500,000** in reserved incentives - OMA's energy consultant recently placed a winning bid in AEP's "Bid to Win" reverse-auction program, for the benefit of OMA's members. A total of $500,000 is reserved to be split between two large efficiency projects, or for one extremely large project. The winning incentive amount is to 1-2 cents more per kWh than a typical custom project, and about 3 cents/kWh more than a very large metal halide replacement, or other prescriptive project. Eligible projects must have a payback longer than 1 year, be planned for completion in 2014 or 2015, and should have savings of over 3,000,000 kWh/year.
- Duke
  - Duke's intent on whether to continue energy-efficiency programs or not, not yet clear.
- DP&L
  - DP&L's efficiency programs approved through 2015. DP&L hasn't announced its plans for 2016.
  - 150% Enhanced Rebates for compressed air projects applied for July-September, 2014. (See flier).
  - New business audit program, manufacturers eligible. 50% of audit cost-shared, additional 50% cost-shared if projects are implemented within the year and your investment is great than or equal to the cost of the audit.

Customer Usage (kWh)	Max Audit Cost	Not to exceed $/sq ft
Up to 500,000	$3,500	-
500,001-2,000,000	$7,500	$0.10
2,000,001 and greater	$10,000	$0.07

    - http://www.dpandl.com/save-money/business-government/business-energy-audit-program/
- FirstEnergy
  - FirstEnergy spokesperson suggests they are likely to amend programs and use the 0% benchmark from SB 310. Thus, FirstEnergy may half programs in 2015 and 2016.

  - When applying for FirstEnergy efficiency programs on their new website, use administrator code 50941 in order for OMA to receive credit from FirstEnergy without reducing your rebate.
    - http://energysaveoh-business.com/
  - New business audit program - There is now a "large" audit program that will rebate up to 50% of the cost of an energy audit, with no maximum, plus $.01/kWh saved from implemented measures.
    - http://energysaveoh-business.com/audit.html
- Columbia Gas of Ohio
  - Reminder – there are rebates available for gas-saving projects. Visit:
    - https://www.columbiagasohio.com/business/save-energy-money/innovative-energy-solutions

DP&L®
1900 Dryden Road
Dayton, Ohio 45439

Recipient address
Dayton, OH

BE A

SAVINGS CHAMPION

FREE AIR COMPRESSOR AUDIT

Air is supposed to be free, right? But when it comes to producing compressed air, electricity can account for up to 75% of the total cost.

That's why DP&L is offering your business a free compressed air audit. DP&L will:

- Visit your facility
- Assess the condition and operation of your compressed air system
- Make recommendations for improving efficiency
- Show you how you can take advantage of DP&L's air compressor rebates
- Follow up with a brief written report

Don't wait! This offer is limited to the first 30 businesses that schedule an audit. Schedule one today by calling **937-331-4769** or email us at **energy.efficiency@dplinc.com.**

SAVE WITH BONUS REBATES ON AIR COMPRESSORS NOW THROUGH SEPTEMBER

Upgrading to more efficient equipment can save 20% to 50% in energy costs. For many facilities, that's thousands of dollars in annual savings. It's a real game changer - especially when it comes to your bottom line.

If you upgrade your compressed air equipment, DP&L will give you an additional 50% in Rapid Rebates. You can also receive an additional 50% on rebates for motors and variable speed drives. But hurry, this offer ends September 30.

For more information on DP&L rebates, visit SAVEWITHDPL.COM.

DP&L.

To: OMA Energy Committee
From: Ryan Augsburger
Re: Public Policy Report
Date: June 25, 2014

Electricity Rates and Regulation

Utility cases approved in 2012 and 2013 signal a sea change in the way Ohio regulates and prices electricity for all customer classes. The new environment raises questions on the role of government and the role of programs designed to help customers manage electricity consumption. The OMA Energy Committee and OMA Energy Group will be providing even more tools for understanding and engagement for manufacturers in 2014.

Capacity Prices

Capacity prices, a portion of your electricity bill, are set by three-year looking forward auctions at PJM, and will increase beginning in Summer of 2015, dramatically so in FirstEnergy service territory where the capacity charge will near three cents per kWh. Ask staff for an overview document of the issue.

Earlier in 2014, the OMA held regional workshops to inform manufacturers of the impending cost increases and describe tools and tactics to reduce costs. See Scioto Energy presentation materials from March committee meeting.

The spike in capacity price for 2015 occurred in the 2012 auction. Since then, the PUCO ordered FirstEnergy to bid 75% of its energy efficiency resources into the PJM auctions to “substantially benefit ratepayers by lowering capacity auction prices and reducing Rider DSE costs.” FirstEnergy has called the auctions “unfair.”

The most recent auction results have been released; the auction prices are for the July 2017-2018 year. The price of capacity cleared at $120 /MW-day, this is up from $59 /MW-day from last year's auction price. See Energy Efficiency Report.

Energy Efficiency Legislation (SB 58 / HB 302 / SB 310)

Legislation to revise Ohio’s energy standards was signed into law by Governor Kasich following swift legislative action. The issue has been reported and discussed at OMA energy committees and various workgroups and other OMA meetings for nearly two years.

Recall the legislation revised existing Ohio energy policy on renewables, efficiency, and “advanced energy.” After thoroughly researching the matter, the OMA adopted a position supportive of continued efficiency standards and a streamlined opt-out from the rider costs for industrial customers. OMA commissioned research demonstrated that benefits of Ohio efficiency standards outweigh their costs and that large energy users may need the option to opt-out.

Since the committee last met, the initial energy standards bill, SB 58 stalled due to concern in the Senate about the bill’s effect of enriching electric utilities by significantly increasing consumer bills. Since then, SB 310 was introduced by Senator Troy Balderson with the personal support of Senate President Keith Faber. SB 310 freezes the alternative energy standards for two years and creates a legislative study committee to assess the impacts of the standards. The bill also revises what constitutes as energy efficiency and provides an industrial opt-out. Governor Kasich signed the bill into law in mid-June. See counsel's report for detailed anaylsis.

A work group of OMA members developed legislative language that would provide a streamlined energy efficiency opt-out option for large industrial electricity users that did not compromise costs for other consumers. Together with a customer cost cap (on energy efficiency costs) the OMA fashioned a compromise proposal that also would have provided a study committee and either benchmark reduction or one-year freeze. This compromise enjoyed broad support but was not adopted.

Manufactured Gas Plant Remediation Costs

In Spring of 2013, lawmakers advanced a legislative proposal to revise a standard in utility law that would result in granting cost-recovery to utilities for remediation of obsolete manufactured gas plants. Governor Kasich vetoed the cost expansion legislation contained in the state budget bill, but that has not deterred the General Assembly from trying it again.

In response to member concerns, the OMA formed a work group for manufacturers to study the issue and advocate industry concerns against any such proposal and continues to communicate concerns.

The 2014 mid-biennium review (MBR) or mini-budget bill (HB 483) initially included a provision that would require customers to pay gas utilities to recover the cost of remediating these old plants. The OMA and member companies worked to have these provisions removed from the bill. The Senate did not reinsert the language as the MBR went through the Senate committee process.

Aside from a possible law change, a request for cost-recovery by Duke has been approved by the PUCO, even though the request seems to violate a state standard. The OMA Energy Group intervened in Duke Energy's gas distribution case before the PUCO case and is appealing the unfavorable decision. The Ohio Supreme Court handed us a partial victory in May. See counsel's report.

New Gas Rider Could Pay for Line Extensions (HB 319)

Legislators are considering House Bill 319 (Cheryl Grossman) that would permit a natural gas company to establish a rider to fund gas infrastructure development. This bill has not had a hearing since February. Representatives of Columbia Gas, a leading proponent appeared at the OMA energy committee in March to make the case and respond to questions. OMA staff and counsel has offered suggestions for improvement. Action on the bill could occur later in the year. The issue raises questions over the role of state government support for economic development within a deregulated utility environment.

"Reasonable Arrangements" Legislation (HB 312)

HB 312 (Terry Johnson) permits an electric distribution utility to recover the costs of economic and job retention programs, via approved reasonable arrangements, from ALL electric utility customers in the state, rather than only from customers located in the utility's certified territory or within the same holding company. The bill also prohibits the PUCO from approving applications for economic development and job retention reasonable arrangements and/or modifications or extensions after January 1, 2018. The bill has not had a hearing since January.

PUCO Chairman

Former state legislator Thomas W. Johnson was appointed PUCO Chairman. His appointment is a five-year term that commenced on April 11, 2014. He succeeds Todd Snitchler who has since joined a local law firm.

New AEP Rate Plan Filed

AEP Ohio has filed application with the PUCO seeking approval of an electric security plan (ESP) for the term June 1, 2015 to May 31, 2018. A major focus of the application is a distribution reliability strategic plan, which proposes to continue collecting a number of distribution-related rider charges throughout the ESP period, as well as creating several new distribution riders. As a result, although the application appears to minimize the overall economic impact of the rate plan, the plan appears to disproportionately impact distribution rates. An analysis by counsel is available to members. The OMA Energy Group has intervened in the case to protect manufacturers' interests.

PUCO Considers Modifications of "Reasonable Arrangements"

Recent high profile cases have included ORMET and Republic Steel. A new reasonable arrangement application has been made for a steel company located in the FirstEnergy service territory.

Federal Greenhouse Gas Regulations (GHG)

Comment is open on proposed USEPA regulations of GHG emissions under the existing Clean Air Act. The OMA is working with the NAM and with other interests in a national coalition. State legislation to empower state regulators is also being considered. See NAM presentation materials.

"On-Bill" Financing of Efficiency Projects

A proposal by the environmental defense fund and supported by one regional business group calls for using utility bills as a place to make payments on capital loans to finance energy efficiency projects. This item was discussed at previous OMA Energy Committee meetings.

Energy Special Improvement District (E-SID)

An E-SID was created by law in 2009 and enables the building owner to self-finance energy efficiency improvements through a special assessment on their property. A legislative proposal would authorize port authorities to create and govern an E-SID and broadens qualifying projects to include energy efficiency / CHP projects.

Energy

The Coming Regulatory Storm

Ross Eisenberg, Vice President, Energy and Resources Policy, at the National Association of Manufacturers, visited with the OMA Environment Committee this week. His presentation, "Ozone and Greenhouse Gases: The Coming Regulatory Storm," will be of interest to all Ohio manufacturers, given the scope of the pending environmental regulations.

Eisenberg said that under the recently proposed carbon standards for existing power plants, "Ohio is looking at about a 22% reduction from 2012 levels during the "interim goal" period (2020-2029) and a 28% percent reduction by 2030." And that: "EPA projects PJM to retire 4,622 MW of generating capacity by 2020 under these rules, all coal."

Potentially even more sweeping in effect are pending new ground level ozone standards. Eisenberg reported that estimated costs for compliance with the ozone standards are in the range of $5.6 billion per year.

He told the committee: "This is real. This is serious and is not going away. We need to roll up our sleeves, get our hands dirty, and improve the proposals." *6/12/2014*

NAM GHG Rule Webinar Takeaways

This week Ross Eisenberg, who handles energy and environment matters at the National Association of Manufacturers (NAM), hosted a webinar that provided an overview of the massive implications of the U.S. EPA's recently proposed rules on greenhouse gases from power plants. Roger Martella, Partner, Sidley Austin LLP (and former EPA General Counsel) provided an in-depth perspective of what this will mean for U.S. manufacturers.

Some of the ramifications Martella outlined: Environmental regulations now the chief influencer of energy policy; Climate change is a global issue, but regulatory impacts will vary widely based on state boundaries; Energy related sectors beyond fossil fuels will be incorporated into regulatory regimes; Other sectors beyond energy generation may be incorporated into compliance programs by states.

View the PowerPoint Martella used. *6/9/2014*

Carbon Rules Proposed

The U.S. EPA this week proposed its rules for carbon emissions from the nation's power plants. The rules were proposed under section 111(d) of the Clean Air Act.

The rule proposes a national reduction in power plant carbon emissions of 30% by 2030, from a base year of 2005. The base year selection of 2005 is significant, as emissions were much higher that year than in 2012, which some had anticipated would be the base year.

The EPA says it built a formula for state-specific reductions: "EPA analyzed historical data about emissions and the power sector to create a consistent national formula for reductions that reflects the building blocks. The formula applies the building blocks to each state's specific information, yielding a carbon intensity rate for each state."

Those "building blocks" are: making fossil fuel plants more efficient, fuel switching from coal to natural gas, increased use of solar, wind and nuclear power, and reducing electricity demand by increased energy efficiency.

The timetable for implementing these vast rules is aggressive: These rules are to be finalized next summer; the states then have one year to establish their compliance plans; and, the U.S. EPA then has one year to act on the states' plans. *6/3/2014*

States Affected Differently by Proposed Carbon Regs

The carbon reduction goals of the U.S EPA's proposed carbon regulations for the states vary substantially. That is, the regulations will affect states quite differently.

In developing carbon reduction targets, U.S. EPA looked at what utilities in the states are already doing, such as coal-to-natural gas plant conversions, energy efficiency and renewable energy programs. It then developed goals for what it calculates each state is expected by the agency to be able to accomplish by 2030.

You can see the state-by-state effects on this interactive map prepared by U.S. EPA. *6/3/2014*

Ohio's Carbon Reduction Target

Here's what U.S. EPA would require of Ohio in its new power plant carbon emissions regulation:

"In 2012, Ohio's power sector CO_2 emissions were approximately 93 million metric tons from sources covered by the rule. The amount of energy produced by fossil-fuel fired plants, and certain low or zero emitting plants was approximately 111 terawatt hours (TWh). So, Ohio's 2012 emission rate was **1,850 pounds/megawatt hours** (lb/MWh). EPA is proposing that Ohio develop a plan to lower its carbon pollution to meet its proposed emission rate goal of **1,338 lb/MWh** in 2030." *6/3/2014*

Partnership for a Better Energy Future: Carbon Regs Effect Could Be Devastating

The Partnership for a Better Energy Future, led by the National Association of Manufacturers and the U.S. Chamber of Commerce, issued a statement on the carbon regulations proposed this week by the U.S. EPA. The OMA is a member of the Partnership.

The Partnership said: "With this new rule, the Environmental Protection Agency is continuing its push to make U.S. electricity less diverse, less reliable and more expensive. The proposed emissions targets cannot realistically be met without forcing substantial closures of existing plants and taking major energy options off the table in the U.S. The resulting impacts on American jobs and the economy could be devastating."

It is widely expected that these proposed rules will face years of litigation. *6/5/2014*

Register for June 9 Telephone Town Hall Briefing on EPA GHG Rule

On Monday, June 9 from 11:00 a.m. – 12:00 p.m. EST, the Partnership for a Better Energy Future, of which OMA is a member, will hold a telephone Town Hall briefing with former EPA General Counsel, Roger Martella.

Roger will give a detailed overview of EPA's proposed greenhouse gas (GHG) rule for existing power plants and provide perspective on what it means for the business community. There will be a Q&A session following the briefing.

Click here to register. *6/5/2014*

Businesses Urge Governor to Consider SB 310's Negative Effects

A group of 51 businesses and 21 organizations sent a letter to Governor Kasich this week detailing the economically damaging effects that implementation of the recently-passed Senate Bill 310 would have on Ohio's businesses and households.

"SB 310 reverses course on state policy that is producing documented savings from energy efficiency on Ohioans' electric bills… The current state policies promoting energy efficiency and renewable energy align with your 21st century energy plan. Unfortunately, key provisions of SB 310 that change those policies have not been adequately vetted and ultimately will hurt Ohio businesses and residents," wrote the group, which identified six major areas of concern with the bill.

"Additionally, as you evaluate the effect on Ohio of recently proposed carbon pollution standards on power plants, please consider the increased relevance of Ohio's energy standards law. Specifically, the energy efficiency and renewable energy standards should make an important contribution toward Ohio's compliance with future federal emissions rules," said the group. *6/5/2014*

House Passes Electricity Bill

This week, the House of Representatives passed Senate Bill 310. It is on its way to the governor, who has indicated he will sign the measure.

The House Public Utilities Committee amended a couple of improvements into the Senate-passed version, but not enough to protect manufacturers and other ratepayers from rate increases from the state's four electric utility monopolies. Thus, the OMA opposed the bill. Read our letter to House members, along with a one-page fact-sheet, here.

The bill "freezes" the least cost resource for consumers (energy efficiency), allows utilities to collect new profits on consumer investment in energy efficiency that the utilities had no part in making possible, provides fewer regulatory protections to consumers, and provides fewer opportunities for energy efficiency savings from customer, rather than utility, projects.

The bill makes unclear some issues of Public Utility Commission of Ohio (PUCO) authority, or issues of stakeholder rights, on these matters. The OMA Energy Group will engage on behalf of Ohio manufacturers in the next phase of Senate Bill 310: its implementation.

One other thing: The bill will have implications for the state's compliance planning for greenhouse gas regulations coming from U.S. EPA next week. Energy efficiency will be a primary tool for states' compliance plans. *5/29/2014*

PJM Capacity Auction: Electricity Prices Up Again

The PJM Interconnection conducted its annual Base Residual Auction (BRA) to forecast demand and provide supply for the 2017/18 delivery year. The BRA cleared 167,004 MW of capacity at a price of $120 /MW-day.

By comparison, Ohio ratepayers today pay $27.73 /MW-day, and last year paid $16.46 /MW-day. This continues a trend of significantly higher capacity prices in future years, compared to today's prices.

Notable takeaways from this year's auction include:

- Capacity prices for the American Transmission System, Inc. (ATSI), which includes the First Energy companies, cleared at the same price as the rest of Ohio, the first time in several years (this will benefit customers there who will be hit hard with very high capacity costs for the delivery year that starts next summer).

- A number of factors contributed to higher capacity prices, including limits on generation imports, limits on demand response, and limited energy-efficiency bids from electric utilities.

- Ohio's four investor-owned utilities bid in a combined 345 MW of energy-efficiency, which will result in $15 million worth of capacity payments to defray the costs of energy-efficiency programs. However, utilities left as much as 450 MW of energy-efficiency out of the auction, leaving an estimated $13 - $20 million on the table.

OMA energy analysts will be preparing a comprehensive analysis of the cost impact of the BRA on Ohio's manufacturers for next month's OMA Energy Committee meeting. Register here. *5/29/2014*

OMA Proposes SB 310 Compromise

In an attempt to balance the interests of small and medium size manufacturers (and residential customers) with utilities and larger electricity users, the OMA proposed another compromise approach to SB 310. The compromise would eliminate provisions in the bill that needlessly increase electricity costs across the state. Joining the OMA in advancing the compromise amendment was the Ohio Consumers' Counsel, the Ohio Farm Bureau and other organizations.

The compromise proposes a one-year freeze to the state's energy efficiency and renewable energy standards (instead of the proposed two-year freeze) during which a special legislative committee would study the effects of the standards. The compromise would provide an opt-out for large electricity consumers available in 2015 at the sole discretion of the consumers (rather than the utilities as in the current draft of the bill).

The OMA also proposes a cost cap on the amount utilities can charge for energy efficiency riders. And, the OMA asks that the legislature study other provisions of current law that tilt the regulatory playing field toward the utilities and away from consumers, driving up rates and utility profits.

Multiple studies, as well as the regulatory filings of the utilities themselves, demonstrate that the benefits outweigh the costs of utility energy efficiency programs by at least 2 to 1.

Contact your state representatives immediately (a vote is expected in the House next week). Ask them to oppose SB 310 as passed by the Senate, and to support the compromise proposed by the OMA and the consumer coalition. *5/22/2014*

OMA Leaders Present Testimony on Energy Bill

Jeff Fritz, Manager of the U.S. Heartland Region for DuPont and chairman of the OMA Government Affairs Committee, presented testimony opposing SB 310 before the House Public Utilities Committee this week. SB 310 would "freeze" the state's energy efficiency standards, and contains provisions that essentially gut the standards and provide utilities with new sources of unearned income.

Fritz said: "Numerous studies have shown that the net benefits to consumers of the energy efficiency standards clearly exceed the costs. One 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 exceed the energy rider costs for all sizes of manufacturers, in all four electric utility service territories in Ohio, with large manufacturers benefitting the least." Fritz suggested a compromise approach that allows for an opt-out by the largest electricity users, while protecting the integrity of the efficiency programs for all other ratepayers.

Dave Johnson, CEO of Summitville Tiles in Columbiana County and a board member of the OMA, supplied written testimony in opposition to the bill.

Johnson wrote: "As the result of the fine print of this legislation, these manufacturers would be facing increases in wholesale electricity costs, a loss in energy efficiency programs, and a loss in savings opportunities, all while providing significant if not unjustifiably high profits to Ohio's public utilities."

He also suggested a compromise approach: "Certainly there could be room for some compromise…one that would result in a bill that properly *balances* the interests of the thousands of small to midsize companies like Summitville Tiles with the interests of our already flush public utilities and Fortune 100 companies." *5/22/2014*

SB 310 Will Increase Electricity Prices

The OMA testified this week in the House Public Utilities Committee to oppose SB 310, which passed the Senate in the early hours of last Thursday. The OMA made specific recommendations for improvement.

OMA Energy Committee chairman Brad Belden of The Belden Brick Company detailed his company's savings from AEP's program implementing the standards: "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."

OMA's consulting energy engineer John Seryak of Go Sustainable Energy described how just one provision of the bill could "create unprecedented costs": "(U)nder SB 310, energy savings that result from federal appliance standards and building codes would count toward utility compliance with their efficiency benchmarks. Savings from these federal standards already occur with no influence of utility efficiency programs. With this provision, utilities could meet their annual benchmark requirement with little effort. In doing so, they would provide no value to ratepayers, but they would not be precluded from taking profit. This would create unprecedented costs to consumers. Put another way, this provision would allow utilities to count "savings", and take profit, from even the least efficient choice a consumer can make for most appliances."

OMA energy counsel Kim Bojko of Carpenter Lipps & Leland noted that current law "contains some provisions that tilt the state's regulatory framework in favor of the monopoly electric distribution utilities at the expense of consumers and consumer protection. The result in the ratemaking process is higher electricity prices for consumers and higher profits for the utilities…SB 310 does not address these cost-increasing features of current Ohio law." Bojko outlined six OMA recommended areas for improvement of the bill.

Contact your state representative and urge opposition to SB 310 and support for the OMA-recommended improvements to the bill.

Some Large Manufacturers Reiterate Call for Energy Efficiency Compromise

A group of large manufacturers sent a letter to the Ohio House of Representatives to oppose Senate Bill 310 and urge a compromise that "preserves energy efficiency and promotes economic growth."

The companies wrote: " Our businesses are committed to energy efficiency and directly employ over 50,000 Ohioans. Our commitment to energy efficiency is reflected in our efforts to reduce energy use in our manufacturing and business processes, and also with the energy-efficient products we make and services we provide. SB 310 as passed by the Senate undermines the state's current effective energy efficiency policies and we therefore urge the Committee to reject this legislation in its current form."

The companies suggested a compromise that would allow for an opt-out by large electricity users from utility energy efficiency programs in a way that does not harm other ratepayers, and a smoothing out of the annual increases of the energy efficiency benchmarks. *5/13/2014*

Supreme Court Supports OMA Position in MGP Case

The Supreme Court of Ohio granted the motion for stay filed by the OMA and three other parties in Duke Energy Ohio's most recent gas distribution rate case. The motion for stay requested that the court stay the recovery, from ratepayers, of costs associated with Duke's environmental remediation of two former manufactured gas plant (MGP) facilities, pending the outcome of the case at the Supreme Court of Ohio. Thus, Duke will not be recovering those costs from ratepayers unless and until the Supreme Court issues an opinion on the matter.

The OMA was joined in the motion to stay by the Office of the Ohio Consumers' Counsel, Kroger, and Ohio Partners for Affordable Energy.

Gas utilities continue to lobby the General Assembly for a statutory amendment that would guarantee them cost recovery from their customers, despite the fact that the customers realize no benefit. *5/14/2014*

PJM Capacity Prices Expected to Rise

PJM held its annual capacity auction this week. Prices across the grid operator's territory are expected to increase. An exception is expected to be the ATSI zone of northern Ohio, where capacity prices should moderate after they skyrocketed in the last auction, prices that will show up on consumers' bills beginning next summer. Results will be known later next week.

"Costs to assure adequate electricity supplies on the biggest U.S. grid are poised to rebound from a three-year low as regulations limit supplies," according to a Bloomberg review of analysts' expectations. "Goldman Sachs Group Inc. sees prices rising as federal environmental regulations prompt more coal units to shut and recent Federal Energy Regulatory Commission rulings cap imports and demand-curtailing services that can participate in the auction."

The Federal Energy Regulatory Commission recently approved two rules that will tend to limit supply in the PJM capacity market. It limited demand response resources, and limited supplies from neighboring grids (ISO to Ohio's west).

These actions were among a set of recommendations recently made by PJM's market monitor.

These developments make all the more important to Ohio manufacturers that the Ohio legislature not take out even more supply resources from the PJM capacity market, which SB 310 would do by essentially gutting utility-scale energy efficiency resources. *5/14/2014*

Senate Passes Electricity Bill, Fast

The Senate this week passed a substitute version of SB 310, which makes significant changes to state electricity statutes. The bill puts a two year moratorium on the state's energy efficiency and renewable energy standards, and makes many other substantive changes.

The Senate Public Utilities Committee met for part of the morning on Wednesday, and then returned to pass the bill out in the evening. The full Senate went into session just before midnight to pass the bill.

Here's a Legislative Service Commission analysis of the bill. And, here's a the full text version of the bill as passed by the Senate.

The changes are extensive. We'll have an OMA analysis of the Senate-passed bill for members early next week. *5/8/2014*

DP&L Offers Limited Time Bonus Rebates

Dayton Power & Light (DP&L) continues to offer a wide range of incentive programs that reimburse customers for energy efficiency improvements.

And there are special bonus rebates for a limited time on specific efficiency projects, including lighting, motors, air compressors and HVAC.

On Wednesday, May 21, OMA and DP&L will present a webinar in which information about programs, requirements and available incentives will be presented. There is no charge to attend. Save money, reduce energy usage, and get paid for doing it! *5/6/2014*

OMA Receives AEP Ohio's Energy Award

Last week OMA received AEP Ohio's Energy Efficiency Leadership Award. OMA was recognized for its efforts to help its members in AEP Ohio's service territory to save more than 47 million kilowatt hours of electricity, which is almost one percent of their total annual electricity use.

OMA members participate in work groups to share and learn best practices in combined heat and power, waste heat recovery and energy efficiency. OMA also helps members navigate energy efficiency incentive programs, helping members to decide which programs are right for their business and to manage the rebate application process.

The award recognizes AEP Ohio business customers and partners that have demonstrated a strong commitment to energy efficiency. *5/8/2014*

OMA Proposes Electricity Customer Protections

The OMA, together with the Ohio Consumers' Counsel, this week proposed six priorities for strengthening cost protections for customers of Ohio's electric utilities. The proposed improvements address certain provisions of Senate Bill 221 (SB 221), which was enacted by the Ohio General Assembly in 2007.

In a media statement, OMA president Eric Burkland said: "We believe the current public debate over state energy policy should include a thorough examination of provisions of SB 221 that put customers at risk of unnecessarily higher electricity bills. We have identified a handful of energy policy priorities that, if addressed, will strengthen customer protections and help ensure fair electricity rates."

The OMA also reaffirmed its support of the energy efficiency standards established in SB 221. "The OMA continues to support Ohio's energy efficiency standards because independent studies and Ohio utilities' own reports filed with the PUCO clearly show that the cost savings for customers are substantially greater than the cost of implementing the standards," said Burkland. *5/1/2014*

Ohio Consumers' Counsel Opposes Energy Standards "Freeze"

The Ohio Consumers' Counsel, Bruce Weston, this week testified in opposition to Senate Bill 310, which would "freeze" the state's energy efficiency and renewable energy standards, and then establish a new commission to study the matter. The bill is under consideration by the Senate Public Utilities Committee.

Weston said: "It would be preferable, however, to not freeze the energy efficiency and renewable benchmarks while the study of the benchmarks is in progress. Any changes to the 2008 energy law could be made after the Study Committee completes its report." And, "Continuing the energy efficiency benchmarks during the study can also be justified by the benefits of the programs."

He suggested: "The scope of the study (of Senate Bill 221) should be broadened to include the examination of other issues in the 2008 energy law that tilt the balance of ratemaking in favor of Ohio's electric utilities and against Ohio's electric customers." These other issues were developed jointly by the OCC and OMA. *5/1/2014*

FES Drops "Polar Vortex Surcharge" for Residential Customers (Only)

Last week, FirstEnergy Solutions (FES) announced it would waive the surcharge it had proposed to cover costs from the unusually cold January. But, only for residential ratepayers.

The Cleveland Plain Dealer reported that FES is still planning to bill its 46,000 commercial and industrial customers. These customers face charges amounting to 1 percent to 3 percent of their annual cost of electricity.

The FES announcement comes days after the PUCO opened an investigation into the surcharges.

Contact OMA's Dan Noreen to learn more about joining with other OMA members in a legal challenge to the surcharges. *5/1/2014*

Ohio's Utilities Project 2-1 Return on Energy Efficiency Programs

While utility lobbyists have been urging the General Assembly to eliminate the state's energy efficiency law, the investor-owned utilities have filed reports to the Public Utility Commission of Ohio (PUCO) that show big savings for their customers from the programs created under the law. Altogether, each dollar in cost for the energy efficiency programs returns two dollars in savings for their customers.

Read some statements from those filings here, and see the savings by utility here. *4/24/2014*

Electric Utilities Face Big Changes

"Flat load growth, greater energy efficiency and advances in distributed generation technology are propelling the evolution of the traditional utility business model. Electric utilities will probably see more change over the next 10 years than they did over the previous 100 years," says a new report from CoBank.

"Over the next 3 to 5 years, electric utilities will have fewer captive customers, so their business models should evolve to become more customer-centric," according to the report.

"Through the end of this decade, utilities will be forced to make lasting changes to their business models as average electricity demand growth remains below historic norms and customers exploit technologies that afford them more control over their energy use. Utilities' mission will likely broaden from selling electricity to delivering a number of energy services. Many of these energy services will be tied to technological advancements which will offer customers greater control over the generation and use of their energy," projects CoBank.

Meanwhile, across the country, utilities are "seeking regulatory solace" by focusing on regulated businesses with their guaranteed rates of return. *4/22/2014*

Ohio Utility Energy Efficiency Program Savings: $4 Billion

Ohio's four investor owned utilities have not testified on any of the recent legislation dealing with energy efficiency, while behind the scenes they have been lobbying. However, the utilities have annually filed spending and savings data with the Public Utilities Commission of Ohio (PUCO), as required by law.

Here's what the filings show: Electricity ratepayers across the state saved $1.03 billion from 2009 to 2012 through the utility energy efficiency programs. The utilities projected $4.15 billion in 'lifetime" (10 years) benefits from this four year period of energy efficiency projects.

The customer energy savings data comes directly from utility status reports, and are available via the PUCO's online docketing system. The utilities' own reports verify annual energy savings and confirm that energy efficiency programs are saving customers money.

See the data by utility here. *4/16/2014*

Tom Johnson Takes PUCO Chair

Tom Johnson was sworn in this week as chairman of the Public Utilities Commission of Ohio (PUCO). Johnson previously served in the House of Representatives for 22 years in a southeastern Ohio district. He then served as Director of the Office of Budget and Management under Governor Taft from 1999 to 2006. More recently he served in a variety of positions at The Ohio State University. Johnson is highly regarded for his integrity and dedication to public service.

You can watch a video of the swearing in by Governor Kasich here. *4/17/2014*

House Drops a Utility Giveaway

The House committee dealing with a mid biennial review bill dropped a provision that would have required ratepayers, rather than shareholders, of utilities that own old "manufactured gas plants" to pay for environmental remediation. The provision, which would violate decades of utility ratemaking standards that require consumers to pay only for services that are useful to them, could have cost consumers in the hundreds of millions of dollars.

These MGP plants cooked coal to make gas that fueled lighting and other devices back into the 1800's. Not much use to consumers that would have gotten the remediation bills in the 21st century. Here is a good opinion piece on the issue by Tom Suddes.

Legislators are saying that the provision will be revisited later in the year. Meanwhile, thank you to Rep. Ross McGregor (R-Springfield), Rep. Kristina Roegner (R-Hudson), and Rep. Mark Romanchuk (R-Mansfield) for leading the charge to get rid of the provision. *4/9/2014*

Manufacturers Split on Energy Standard Freeze Bill

The Senate Public Utilities Committee heard both proponent and opponent testimony on SB 310 this week. The bill, sponsored by Senator Troy Balderson (R-Zanesville), would freeze both the energy efficiency standard and the renewable energy standard at their 2014 levels.

Manufacturers testified on both sides of the issue. Among the bill's proponents was Peggy Claytor of the Timken Company. She testified in support of the "freeze" and called for an improvement: "Timken believes SB 310 could be further improved by incorporating a streamlined, large industrial opt-out provision for both the energy efficiency/peak demand reduction riders and for the renewables / advanced energy rider."

Among the bill's opponents was Alvin Campaan of Lucintech, a Toledo-based start-up that makes photovoltaic coatings for windows and automotive sunroofs. He supports the renewable energy standards and said " instituting a freeze would decimate the industry and kill many of the jobs created by the incentives."

Meanwhile, a group of large manufacturers with operations in Ohio, including Whirlpool, Honda, Johnson Controls, Honeywell and Owens Corning, wrote a letter urging the legislature to protect the energy efficiency standards. The companies wrote: "Energy efficiency is a low-cost strategy for keeping utility costs under control and providing protection against price volatility, which enhances competitiveness for our companies." *4/10/2014*

PUCO Opens Investigation of "Pass Through" Clauses

The Public Utility Commission of Ohio (PUCO) has opened an investigation of "pass-through" clauses in electricity contracts, through which retail electric suppliers attempt to pass-through certain charges they incur.

The PUCO investigation entry reads in part: "In March 2014, the Commission became aware, through consumer inquiries and informal complaints, that competitive retail electric service (CRES) suppliers have included pass-through clauses in the terms and conditions of fixed-rate or price contracts and variable contracts with a guaranteed percent off the standard service offer (SSO) rate. Such pass-through clauses allow the CRES supplier to pass through to the customer the additional costs of certain pass-through events.

And: "The Commission has opened this investigation to determine whether it is unfair, misleading, deceptive, or unconscionable to market contracts as fixed-rate contracts or as variable contracts with a guaranteed percent off the SSO rate when the contracts include pass-through clauses."

The OMA is working with members who have been notified of an attempted pass-through by a supplier. If you would like more information, contact Ryan Augsburger. *4/10/2014*

Energy Standards "Freeze" & Study Bill Gets First Hearing

Senate Bill 310 had it first hearing this week in the Senate Public Utilities Committee, chaired by Sen. Bill Seitz (R-Cincinnati). Among other provisions, the bill:

1) Freezes the renewable and solar energy benchmarks (required of electric distribution utilities (EDUs) and electric services companies (ESCs)) at the 2014 level required under current law, and freezes the amount of solar energy compliance payments at the 2014-2015 level;

2) Eliminates the requirement that EDUs and ESCs provide, by 2025, up to 12.5% of the current 25% alternative energy requirement from advanced energy;

3) Increases the annual energy efficiency (EE) savings requirement (required of EDUs only) from 1% to 4.2% of the most recent three-year average of total kilowatt hours sold to Ohio retail electric customers, and continues the 4.2% annual requirement indefinitely; and

4) Permits certain higher voltage and higher consumption retail customers to opt out of an EDU's amended portfolio plan, thereby exempting the customer from cost recovery mechanisms but also removing the customer's ability to participate in or benefit from the plan for its duration.

The bill also establishes a 21 member Energy Mandates Study Committee to study Ohio's renewable energy, EE, and peak demand response standards. The committee is required to submit a report of its findings by December 15, 2015.

There was one proponent witness at this week's hearing, Sen. Troy Balderson (R-Zanesville), who presented this testimony. Chairman Seitz indicated two more hearings on the bill are probable for next week. *4/2/2014*

HB12 **LICENSED OPERATOR REQUIREMENT** (ROEGNER K) To eliminate the licensed operator requirement for gaseous fuel and fuel oil fired boilers that comply with certain safety and engineering standards.

Current Status: 10/31/2013 - **SIGNED BY GOVERNOR**; Eff. 1/30/2014
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_12

HB41 **OIL-GAS DRILLING HEALTH-SAFETY STANDARDS** (HAGAN R) To authorize a political subdivision to enact and enforce health and safety standards for oil and gas drilling and exploration.

Current Status: 6/25/2013 - House Agriculture and Natural Resources, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_41

HB42 **OIL AND GAS LAW CHANGES** (HAGAN R) To revise the requirements concerning an oil and gas permit application, an oil and gas well completion record, designation of trade secret protection for chemicals used to drill or stimulate an oil and gas well, and disclosure of chemical information to a health care professional or emergency responder, to require an owner to report all chemicals brought to a well site, and to make other changes in the Oil and Gas Law.

Current Status: 6/25/2013 - House Agriculture and Natural Resources, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_42

HB59 **BIENNIAL BUDGET** (AMSTUTZ R) To make operating appropriations for the biennium beginning July 1, 2013, and ending June 30, 2015; to provide authorization and conditions for the operation of state programs.

Current Status: 6/30/2013 - **SIGNED BY GOVERNOR**; Eff. 6/30/2013; Some Eff. 9/29/2013; Others Various Dates
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_59

HB63 **TAX CREDIT- OIL AND GAS PRODUCTION** (CERA J, O'BRIEN S) To establish a nonrefundable commercial activity tax credit for companies involved in horizontal well drilling or related oil and gas production services that hire Ohio residents or dislocated workers who have enrolled in or completed a federally registered apprenticeship program.

Current Status: 2/20/2013 - Referred to Committee House Ways and Means
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_63

HB93 **OIL AND GAS LAW** (HAGAN R) To increase criminal penalties for violations of the Oil and Gas Law relating to improper disposal, transport, and management of brine, to establish a criminal penalty for a negligent violation of certain provisions of the Solid, Hazardous, and Infectious Wastes Law, and to require the revocation of a violator's permits and registration certificate and denial of future permit and registration certificate applications under the Oil and Gas Law.

Current Status: 6/25/2013 - House Agriculture and Natural Resources, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_93

HB102 **NATURAL GAS POLICY** (ROEGNER K) To change state policy regarding natural gas competition, to require assessments on retail natural gas suppliers for subsidies granted in retail auctions, and to require the assessments to be distributed to nonmercantile customers.

Current Status: 3/19/2013 - Referred to Committee House Public Utilities
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_102

HB124 **OIL-GAS BAN-LAKE ERIE** (ANTONIO N) To ban the taking or removal of oil or natural gas from and under the bed of Lake Erie.

Current Status: 6/25/2013 - House Agriculture and Natural Resources, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_124

HB136 **THIRD FRONTIER COMMISSION-GRANTS** (SCHURING K) To authorize the Third Frontier Commission to award grants related to the establishment and operation of data centers and the development of a high speed fiber optic network in the state, and to authorize a kilowatt-hour excise tax reduction for electric distribution companies supplying such centers at a discounted rate.

Current Status: 5/29/2013 - House Public Utilities, (Fifth Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_136

HB148 **OIL AND GAS LAW** (DRIEHAUS D, HAGAN R) To prohibit land application and deep well injection of brine, to prohibit the conversion of wells, and to eliminate the injection fee that is levied under the Oil and Gas Law.

Current Status: 6/25/2013 - House Agriculture and Natural Resources, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_148

HB282 **SALES-USE TAX LICENSE** (ROGERS J) To authorize vendors and others required to hold a sales or use tax license whose business and home address is the same to apply to the Tax Commissioner to keep such address confidential.

Current Status: 2/26/2014 - **BILL AMENDED**, House Ways and Means, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_282

HB302 **ALTERNATIVE ENERGY-PEAK DEMAND REDUCTION LAW** (STAUTBERG P) To modify the alternative energy resource, energy efficiency, and peak demand reduction law.

Current Status: 12/11/2013 - House Public Utilities, (Sixth Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_302

HB312 **ELECTRIC LIGHT COMPANY-JOB RETENTION PROGRAM COSTS** (JOHNSON T) To permit a public utility electric light company to recover costs of an economic and job retention program from all public utility electric light customers in Ohio.

Current Status: 1/22/2014 - House Public Utilities, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_312

HB319 **INFRASTRUCTURE DEVELOPMENT RIDER-GAS COMPANIES** (GROSSMAN C) To permit natural gas companies to apply for an infrastructure development rider to cover costs of certain economic development projects.

Current Status: 2/19/2014 - House Public Utilities, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_319

HB335 **GREEN FLEETS LOAN GUARANTEE PROGRAM** (BUTLER, JR. J) To create the Green Fleets Loan Guarantee Program to guarantee the repayment of loans made to governmental entities and private businesses to fund the conversion of all or a portion of their fleet vehicles to run on natural gas fuel; to apply the motor fuel tax to compressed natural gas; to authorize a temporary exemption from the motor fuel tax for purchasers of propane and compressed natural gas; to require the inspection of certain natural gas vehicles; to create a weight limit exemption for compressed natural gas vehicles; and to clarify the regulatory authority of the Fire Marshal with regard to filling stations dispensing gaseous fuel.

Current Status: 12/4/2013 - House Ways and Means, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_335

HB336 **GASEOUS FUEL VEHICLE CONVERSION PROGRAM** (O'BRIEN S, HALL D) To create the Gaseous Fuel Vehicle Conversion Program, to allow a credit against the income or commercial activity tax for the purchase or conversion of an alternative fuel vehicle, to reduce the amount of sales tax due on the purchase or lease of a qualifying electric vehicle by up to $500, to apply the motor fuel tax to the distribution or sale of compressed natural gas, to authorize a temporary, partial motor fuel tax exemption for sales of compressed natural gas used as motor fuel, and to make an appropriation.

Current Status: 5/27/2014 - Senate Finance, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_336

HB368 **SMART METERS-PUBLIC UTILITY CUSTOMERS RIGHTS** (LYNCH M) To establish rights for public utility customers regarding smart meters installed on their premises.

Current Status: 1/22/2014 - House Public Utilities, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_368

HB421 **ELECTRIC COMPANY-MERCANTILE CUSTOMER REASONABLE ARRANGEMENTS** (CERA J) To permit the Governor to terminate reasonable arrangements between an electric distribution utility or public utility electric light company and certain mercantile customers.

Current Status: 2/19/2014 - House Public Utilities, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_421

HB472 **MBR-MID-BIENNIUM BUDGET REVIEW** (MCCLAIN J) To make operating and other appropriations and to provide authorization and conditions for the operation of state programs.

Current Status: 3/26/2014 - House Ways and Means, (Third Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_472

HB483 **MBR-OPERATION OF STATE PROGRAMS** (AMSTUTZ R) To make operating and other appropriations and to provide authorization and conditions for the operation of state programs.

Current Status: 6/16/2014 - **SIGNED BY GOVERNOR**
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_483

HB568 **PUCO-MAXIMUM FEES** (MCGREGOR R) To require the Public Utilities Commission to set the maximum fees that a manufactured home park operator, condominium unit owners association, and landlord may charge for electric, gas, water, or related services, or for sewage disposal service provided to a resident, unit owner, or tenant when a submeter is used to measure public utility service to the premises.

Current Status: 6/4/2014 - House Public Utilities, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_568

HCR9 **KEYSTONE XL PIPELINE** (ADAMS J) To urge the United States Department of State to approve the presidential permit application allowing the construction and operation of the TransCanada Keystone XL Pipeline between the United States and Canada.

Current Status: 4/9/2013 - Referred to Committee Senate Public Utilities

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_HCR_9

HCR30 **COAL ACCOUNTABILITY AND RETIRED EMPLOYEE ACT** (CERA J) To urge Congress to enact the Coal Accountability and Retired Employee Act.

Current Status: 10/15/2013 - House Agriculture and Natural Resources, (First Hearing)

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_HCR_30

HCR42 **GREENHOUSE GAS EMISSIONS** (FOLEY M, RAMOS D) To recognize that human actions have contributed to the rise in global sea and atmospheric temperatures and the increase in concentration of greenhouse gases, and to declare that Ohio will actively participate in diminishing and minimizing future greenhouse gas emissions.

Current Status: 1/21/2014 - House Agriculture and Natural Resources, (First Hearing)

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_HCR_42

HCR43 **OHIO SUSTAINABLE ENERGY-ABUNDANCE PLAN** (BOOSE T, THOMPSON A) To establish a sustainable energy-abundance plan for Ohio to meet future Ohio energy needs with affordable, abundant, and environmentally friendly energy.

Current Status: 2/26/2014 - House Public Utilities, (Second Hearing)

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_HCR_43

HR282 **CARBON DIOXIDE EMISSIONS-EXISTING POWER PLANTS** (DOVILLA M, HILL B) To urge the U.S. Environmental Protection Agency to hold public listening sessions on proposed regulations targeting carbon dioxide emissions from existing power plants in those states that would be most directly impacted by the regulations.

Current Status: 11/19/2013 - **REPORTED OUT**, House Policy and Legislative Oversight, (First Hearing)

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_HR_282

SB17 **OIL-GAS LAW CHANGES** (SKINDELL M) To revise the requirements concerning an oil and gas permit application, an oil and gas well completion record, designation of trade secret protection for chemicals used to drill or stimulate an oil and gas well, and disclosure of chemical information to a health care professional or emergency responder, to require an owner to report all chemicals brought to a well site, and to make other changes in the Oil and Gas Law.

Current Status: 2/13/2013 - Referred to Committee Senate Energy and Natural Resources

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_17

SB34 **ELECTRIC DISTRIBUTION COMPANIES** (JORDAN K) To repeal the requirement that electric distribution utilities and electric services companies provide 25% of their retail power supplies from advanced and renewable energy resources by 2025.

Current Status: 2/12/2014 - Senate Public Utilities, (Fourth Hearing)

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_34

SB46 **OIL AND GAS LAW** (SCHIAVONI J, LAROSE F) To increase criminal penalties for violations of the Oil and Gas Law relating to improper disposal, transport, and management of brine, to establish a criminal penalty for a negligent violation of certain provisions of the Solid, Hazardous, and Infectious Wastes Law, and to require the revocation of a violator's permits and registration certificate and denial of future permit and registration certificate applications under the Oil and Gas Law.

Current Status: 6/19/2013 - **SUBSTITUTE BILL ACCEPTED**, Senate Energy and Natural Resources, (First Hearing)

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_46

SB58 **RETAIL ELECTRIC SERVICE** (SEITZ B) To review and possibly modify the energy efficiency, peak demand reduction, and alternative energy resource provisions established by Ohio law governing competitive retail electric service.

Current Status: 2/19/2014 - Senate Public Utilities, (Seventh Hearing)

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_58

SB59 **EDUCATION ENERGY COUNCIL** (BEAGLE B) To authorize an eligible regional council of governments to establish itself as an education energy council for the purpose of issuing debt to pay for school district energy purchases.

Current Status: 2/19/2014 - Senate Public Utilities, (Fourth Hearing)

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_59

SB87 **OIL/NATURAL GAS-LAKE ERIE** (SKINDELL M) To ban the taking or removal of oil or natural gas from and under the bed of Lake Erie.

Current Status: 10/29/2013 - Senate Energy and Natural Resources, (First Hearing)

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_87

SB181 **SMART METER INSTALLATION** (JORDAN K) To require electric distribution utilities to obtain a customer's consent prior to installing a smart meter on the customer's property

Current Status: 9/26/2013 - Referred to Committee Senate Public Utilities

State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_181

SCR7 **KEYSTONE XL PIPELINE** (HITE C) To urge the United States Department of State to approve the presidential permit application allowing the construction and operation of the TransCanada Keystone XL Pipeline between United States and Canada.

Current Status: 4/17/2013 - **ADOPTED BY HOUSE**; Vote 90-7

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_SCR_7

SCR25 **GREEN BUILDING RATING STANDARDS** (UECKER J) To urge, for Ohio state agencies and other government entities, the use of green building rating systems, codes, or standards that are consistent with state energy efficiency and environmental performance objectives and policies and that meet American National Standards Institute voluntary consensus standard procedures.

Current Status: 3/11/2014 - Referred to Committee House Manufacturing and Workforce Development

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_SCR_25

SCR34 **U.S. EPA-STATES PRIMACY** (GENTILE L) To urge the U.S. Environmental Protection Agency to recognize the primacy of states to rely on state utility and environmental regulators in developing guidelines for reductions of carbon dioxide emissions from existing power plants and to take other specified actions regarding greenhouse gas emissions.

Current Status: 2/19/2014 - Referred to Committee Senate Energy and Natural Resources

State Bill Page: http://www.legislature.state.oh.us/res.cfm?ID=130_SCR_34

FOR IMMEDIATE RELEASE
May 14, 2014

CONTACT
Eric Burkland (614) 224-5111

The Ohio Manufacturers' Association Warns of Higher Electric Bills for Customers If Senate Bill 310 is Enacted

Proposed legislation fails to address provisions in Ohio's regulatory framework that favor monopoly utilities at the expense of consumers, imposes unnecessary freeze on energy efficiency and renewable energy standards that are saving customers billions of dollars

[Columbus]: Witnesses testifying on behalf of The Ohio Manufacturers' Association (OMA) told members of the Ohio House of Representatives' Public Utilities Committee today that Amended Substitute Senate Bill 310 (SB 310) will drive up electricity costs for customers and undermine manufacturing competitiveness in Ohio.

SB 310, adopted last week by the Ohio Senate, seeks to suspend for two years Ohio's energy efficiency and renewable energy standards that were established in 2008 by enactment of Senate Bill 221.

"Independent studies show that Ohio utilities are achieving the state's energy-reduction benchmarks and customers are saving money. Even the utilities' own reports submitted to the Public Utilities Commission of Ohio confirm that the energy efficiency programs' savings far outweigh the costs of the programs," said OMA President Eric Burkland.

Bradley Belden, director of support services for The Belden Brick Company in Canton, Ohio, told committee members "access to reliable, affordable electricity is a big competitiveness issue" for manufacturers. He explained that Ohio's current energy efficiency program is producing "significant reductions" in electricity costs for his company and for manufacturers across Ohio, and that "there is no compelling reason to freeze the standards while the proposed Study Committee does its work."

Kim Bojko, a partner with the law firm Carpenter Lipps & Leland and energy counsel to the OMA, testified that current law "contains some provisions that tilt the regulatory framework in favor of the monopoly electric distribution utilities at the expense of consumers and consumer protection," resulting in higher electricity prices for consumers and higher profits for utilities. Unfortunately, SB 310 does not address these cost-increasing features in current Ohio law." Bojko concluded her testimony by noting, "While it may be in the state's interest to have strong and productive public utilities, it is also important to protect, through legislation and regulation, consumers from the market power of monopoly utilities."

[Continued]

John Seryak, CEO of Go Sustainable Energy, LLC, and technical consultant to the OMA, told committee members that “SB 310 creates an uneven playing field for manufacturers in regards to energy efficiency and, most alarmingly, it reduces price-reducing competitive resources in wholesale electricity markets.” The bill’s proposed changes to the definition of energy efficiency “could unwittingly create unprecedented costs” for consumers, Seryak noted, explaining that by reducing or eliminating Ohio’s energy efficiency programs, “SB 310 takes away an important capacity resource which consumers use to minimize increasing prices in the wholesale electric markets.”

The OMA witnesses acknowledged that Ohio’s current energy policies have room for improvement, and Burkland agreed.

“The OMA is not opposed to revisiting Ohio’s energy policies – in fact, we have identified a number of utility-friendly, consumer-unfriendly provisions in existing law that need to be addressed,” Burkland said.

Complete testimony from each of the three witnesses can be found here.

\# # #

The mission of The Ohio Manufacturers’ Association is to protect and grow manufacturing in Ohio.

Proposed Coalition Amendment to Am. Sub. S.B. 310

May 20, 2014

The amendment will replace SB 310's proposed two-year freeze of energy efficiency and renewable energy benchmarks at 2014 levels with a **one-year freeze** at 2014 levels, while the **Energy Mandates Study Committee** created by SB 310 conducts its work as outlined in the bill. This amendment reflects a compromise that will minimize disruption of Ohio's burgeoning renewable and alternative energy marketplace.

During the one-year freeze, current Ohio law would be maintained. However, to address concerns raised by large customers concerning costs, the amendment incorporates a **streamlined industrial opt-out option** for large customers, which is available beginning in 2015. The option to participate in the opt-out is at the sole discretion of the customer, not the utility, and will be uniformly offered across Ohio, ensuring a level playing field for all customers.

Additionally, to protect smaller manufacturers, and other ratepayers, who will participate in the utilities' energy efficiency programs and pay for the programs, the amendment adds a **cost-cap** provision and ties the ability of a large user to opt out of the energy efficiency rider to that user's participation in regional capacity auctions, either on its own or through a third party, ensuring that any efficiency savings they do achieve are captured in the capacity markets. This will ensure all customers benefit from lower wholesale prices.

Moreover, in order to further the intent of SB 310 to study these important issues, the amendment expands the issues to be considered and discussed by the committee.

Priorities for Improving Senate Bill 221 to Protect Customers of Electric Utilities

Senate Bill 221 (SB 221) contains some provisions that tilt the balance of ratemaking against Ohio's electric customers and in favor of electric utilities. Here are six ways to bring more balance to SB 221 for Ohio customers:

1. **Problem:** Under SB 221, a utility is not required to refund excessive profits to customers. Only if the utility's profits are deemed "*significantly* excessive" is the utility required to refund the amount of over-earnings to its customers.

   Consumer Protection: Modify the language of SB 221 to require any utility that earns "excessive" profits to refund to customers the full amount of *any* excess profits – not just those deemed "*significantly* excessive."

2. **Problem:** SB 221 permits a utility to effectively "veto" PUCO orders in an electric security plan (ESP) case.

   Consumer Protection: Eliminate the provision in SB 221 that grants a utility the privilege to withdraw its application for an electric security plan if the PUCO modifies the plan.

3. **Problem:** SB 221 allows a utility to include above-market, nonbypassable generation/stability charges (e.g., rate stabilization charges, provider of last resort charges) in an electric security plan even though the utility is or will be operating in a competitive marketplace for generation.

   Consumer Protection: Modify the language of SB 221 to expressly prohibit utilities from collecting above-market, nonbypassable generation/stability charges from customers.

4. **Problem:** The electric security plans permitted under SB 221 are not needed. These plans allow utilities to charge for costs other than market prices for generation at a time when Ohioans should be benefitting now (14 years after the 1999 enactment of Senate Bill 3, Ohio's electric restructuring legislation) from the current low market price for electricity.

   Consumer Protection: Eliminate the SB 221 language that allows utilities to file electric security plans.

5. **Problem:** SB 221 prescribes as the standard for PUCO approval of an electric security plan that its pricing and other terms and conditions be "more favorable in the aggregate" than the expected results that would apply otherwise. PUCO consideration of qualitative factors (not just quantitative factors) means that utilities can more easily obtain approval of their plans.

   Consumer Protection: Modify the language of SB 221 to explicitly limit the "more favorable in the aggregate" test to solely quantitative factors.

6. **Problem:** Under SB 221, an electric utility is allowed to keep what it already charged and collected from customers even after the Ohio Supreme Court finds the charges to be unjustified.

   Consumer Protection: Modify the language of SB 221 to give customers the same financial protection a utility can obtain during the appeals process. This change will allow customers to obtain a refund of utility charges they paid when the Ohio Supreme Court reverses a PUCO order and finds such charges to be unjustified.

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June 4, 2014

The Honorable John Kasich
Governor of Ohio
77 S. High St., 30th Floor
Columbus, OH 43215

Re: Senate Bill 310

Dear Governor Kasich:

As you evaluate SB 310, we write to share our perspectives on the legislation. Specifically, we offer our interpretation and projection of the effects of the bill for small, medium and large businesses and four million Ohio households. These comments also reflect concerns of renewable energy businesses, energy efficiency businesses and other interested parties.

SB 310 reverses course on state policy that is producing documented savings from energy efficiency on Ohioans' electric bills. And SB 310 reverses course on state policy that, according to a study commissioned by Ohio Advanced Energy Economy, has been stimulating significant investment and job creation in the energy efficiency and renewable energy industries across Ohio – an industry that includes over 400 companies employing 25,000 Ohioans.

The current state policies promoting energy efficiency and renewable energy align with your 21st century energy plan. Unfortunately, key provisions of SB 310 that change those policies have not been adequately vetted and ultimately will hurt Ohio businesses and residents, because:

1. Freezing the standards for two years creates a start-stop effect that will confuse the market place, disrupt investment and reduce energy savings for customers during this period. And this negative effect of the freeze will persist beyond the two years. We expect the result will be higher electric bills and less investment.

2. Allowing electricity output from 30-year old hydroelectric facilities to qualify as "renewable" will increase electric rates and make Ohio a less competitive renewable energy market. The purpose of sending Ohio ratepayer dollars to these old projects is unjustified.

3. Granting electric utilities the "sole discretion" to continue or not continue their efficiency programs gives them a preference in the PUCO's processes that is

unfair to customers. This discretion will allow utilities to choose options that increase profits at the expense of savings and reduced consumer protections, and will lead to higher electricity costs for customers.

4. Allowing utilities to collect additional profit from customers by counting efficiency resulting from compliance with mandatory federal appliance standards that government, not utilities, created. The result is less opportunities for consumer energy savings and lead to additional costs for Ohio residents and businesses.

5. Allowing utilities to count as energy efficiency the investments in upgrading their transmission and distribution (T&D) infrastructure, when such investments do not save customers money. This matter will result in fewer opportunities for customers to save money on energy efficiency and lead to additional costs for Ohio residents and businesses.

6. Creating a non-uniform industrial opt-out process across Ohio, with the utilities, not customers, determining when an opt-out occurs. If a utility decides to extend rather than modify its existing plan, an opt-out will not be available until 2017. If another utility decides to modify its program during the freeze, large customers will be able to opt out in 2015. This creates an uneven playing field.

Additionally, as you evaluate the effect on Ohio of recently proposed carbon pollution standards on power plants, please consider the increased relevance of Ohio's energy standards law. Specifically, the energy efficiency and renewable energy standards should make an important contribution toward Ohio's compliance with future federal emissions rules.

Each of the undersigned businesses and organizations has signed this letter for different reasons. But we all agree that SB 310 is not a true compromise on the issues and that the legislation will be harmful to Ohioans' electric bills and to Ohio's burgeoning renewable energy and energy efficiency industries. We hope that the study committee will incorporate fact-based analysis to reach its conclusion on how best to move forward with the standards in the 2008 energy law.

To protect consumers and their electric bills, keep Ohio businesses competitive and support the cost-effective continued expansion of energy efficiency and renewable energy industries, we stand ready to work with you to see that these standards continue.

Thank you for your consideration.

Sincerely,

COMPANIES

ABB, Inc.
Aerotorque
AMG Vanadium
Atlas Butler Heating & Cooling
BDL General Contractors
Belden Brick
Campbell Soup Company
Casting Solutions
Cleveland Air Comfort
Climate-Tech
Diamond Manufacturing
Iberdrola Renewables
Ingersoll Rand
Invenergy
EDF Renewable Energy
EDP Renewables
Element Power
Energy Developments, Inc
Energy Management Solutions
EnerSol
EverPower
First Solar
Guardian Energy
Horton Brothers
Honda
Honeywell
Husky Lima Refinery
Ineos
Invenergy
Jim's Plumbing & Heating, Inc.
Johnson Controls (JCI)
Juwi Wind
Kohli & Kaliher
Mannik & Smith
Molded Fiber Glass (MFG)
MPS Manufacturing
Myers Controlled Power
NextEra Energy Resources
Nissin Brake, Ohio
North Central Solar
Owens-Corning
PPG Industries, Inc.
Reserve Energy Exploration Company
Ritsko Insulation
Rudolph Libbe
Schneider Electric
Summitville Tiles, Inc.
Three Rivers Energy
United Technologies
Weller & Associates
Whirlpool

ORGANIZATIONS / AGENCIES

American Wind Energy Association
Air-Conditioning, Heating, and Refrigeration Institute (AHRI)
Heating, Air-conditioning, Refrigeration Distribution International (HARDI)
Hardin County Chamber and Business Alliance
LEEDCo
Lincolnview Local Schools
MAREC
Marianist Environmental Education Center
Ohio Advanced Energy Economy
Office of the Ohio Consumers' Counsel
Ohio Energy & Advanced Manufacturing Center
Ohio Interfaith Power & Light
Ohio Manufacturers' Association
Ohio Partners for Affordable Energy
Operation Free
Paulding County Economic Development, Inc.
Small Business Majority
Solar Energy Industries Association
Vantage Career Center
Van Wert Chamber of Commerce
WIRE-net

cc: Beth Hansen
Wayne Struble
Eric Poklar
Craig Butler, EPA

The Ohio Manufacturers' ASSOCIATION

House Bill 483 Seeks to Require Customers to Reimburse Utilities for Cost of Environmental Clean-up of Obsolete Gas Manufacturing Plants

A provision of House Bill 483 would modify and weaken Ohio's longstanding "used and useful" utility rate-making legal standard, which in turn could result in Ohio utility customers paying hundreds of millions of dollars in clean-up costs for obsolete manufactured gas plants (MGPs).

Current Ohio law allows utilities to recover costs to maintain their assets only when they are "used and useful" for the benefit of their Ohio customers. The law also allows the recovery of expenses that are related to the provision of public utility service. HB 483 would expand the "used and useful" standard to allow the Public Utilities Commission of Ohio (PUCO) to authorize utilities to recover environmental clean-up costs associated with MGPs that are – ***or were in the past*** – used to provide public utility service. The proposed expansion of the "used and useful" standard would significantly increase clean-up cost recovery for utilities, and customers would be left holding the bill.

If enacted, this provision of HB 483 would result in major cost-shifting from utility shareholders to utility customers who have not benefitted from and likely have not even received utility service from MGPs, many of which have been closed for fifty years or more. Customers could be required to pay hundreds of millions of dollars for clean-up costs at these sites.

Key Talking Points

- Permitting utilities to recover costs associated with the environmental clean-up of obsolete MGPs could result in current customers paying hundreds of millions of dollars in clean-up costs.
- Ohio should continue to adhere to the traditional utility rate-making principles, including the "used and useful" standard that has served Ohio well and protected consumers for decades. Manufacturers oppose efforts to modify and weaken the "used and useful" standard.
- Weakening Ohio's "used and useful" standard in a way that expands environmental clean-up cost recovery for ***obsolete*** MGPs would enable utilities to unjustifiably shift hundreds of millions of dollars in costs from utility shareholders to utility customers who have received no utility service and no benefit from the MGPs, many of which have been closed for decades.
- In setting just and reasonable rates for consumers, the PUCO should only grant utilities recovery of clean-up costs that are prudently incurred and associated with property that is ***currently*** used and useful in providing utility service to Ohio customers.
- Manufacturers are not opposed to reasonable policies that promote environmental clean-up; however, we ***are*** concerned about the ability of a utility to pass unlimited costs on to customers without having appropriate consumer protections in place.
- Amend House Bill 483 to remove the MGP utility giveaway.

CARPENTER LIPPS & LELAND LLP

ATTORNEYS AT LAW

280 PLAZA, SUITE 1300
280 NORTH HIGH STREET
COLUMBUS, OHIO 43215

MEMORANDUM

To: OMA Energy Committee
From: Kim Bojko, OMA Energy Counsel
Re: Energy Committee Report
Date: June 25, 2014

Administrative Actions

American Electric Power (AEP Ohio)

AEP Storm Rider Case (Case No. 12-3255-EL-RDR)

The Commission approved the establishment of a Storm Damage Recovery Rider (SDRR) in AEP Ohio's ESP II case by which it may recover incremental expenses incurred due to major storms. On December 21, 2012, AEP Ohio filed an application, revised on March 1, 2013, for authority to establish initial storm damage recovery rider rates to allow for the recovery of expenses related to three major storms that occurred in 2012. OMAEG filed comments on the application on May 29, 2013.

On December 6, 2013, Ohio Power Company, Staff, the Ohio Hospital Association, OMAEG, Kroger, IEU-Ohio, and the Ohio Energy Group entered into and filed a joint Stipulation and Recommendation with the Commission. The Ohio Consumers' Counsel (OCC) did not sign the stipulation and the matter proceeded to hearing on January 22, 2014. On April 2, 2014, the Commission approved the Stipulation and Recommendation. OCC subsequently filed an application for rehearing of the Commission's decision, which was denied on May 28, 2014.

AEP SSO Application (Case Nos. 13-2385-EL-SSO and 13-2386-EL-AAM)

On December 20, 2013, Ohio Power Company (AEP Ohio or the Company) filed an application for authority to establish a standard service offer and for approval of certain accounting authority (Application) in PUCO Case Nos. 13-2385-EL-SSO and 13-2386-EL-AAM. In its Application, AEP Ohio sought the Commission's approval of an electric security plan (ESP) for a term commencing on June 1, 2015 and ending May 31, 2018, with the ability to terminate the plan on May 31, 2017 in the event of certain regulatory or legal changes. Among other things, the Application seeks a substantial increase in the amount to be recovered through Company's Distribution Infrastructure Rider (Rider DIR). The Application also seeks approval of a Power Purchase Agreement Rider (Rider PPA), which passes through to customers the costs or benefits associated with a financial hedge on AEP Ohio's OVEC contractual entitlements. On January 7, 2014, OMAEG filed a motion to intervene in this proceeding.

Despite an attempt by the Company to settle the case in late May, the parties did not reach a agreement; therefore, an evidentiary hearing commenced on June 3, 2014. Cross-examination concluded on June 18, 2014 and the rebuttal portion of the hearing is scheduled to commence on June 30, 2014. OMAEG has been, and will continue to be, very actively involved in the case.

FirstEnergy

Warren Steel Holdings Reasonable Arrangement (Case No. 14-2009-EL-AEC)

On June 4, 2014, Warren Steel Holdings filed an application for a reasonable arrangement, seeking a discounted electric rate for a term of six years so that it may re-open its facility in Warren, Ohio, and avoid lay-offs. Under the proposed terms of the reasonable arrangement, the maximum rate discount to be received by Warren Steel Holdings during each year of the arrangement will be capped at $10 million, and the maximum rate discount that may be received over the six year term of the reasonable arrangement will be capped at $35 million. Further, Warren Steel Holdings commits in the application to employ a minimum of 200 direct Warren Steel employees and 25 direct contractors after the first full month of restarted operations.

The Commission has not yet set an intervention deadline, but OMA must consider whether it wishes to intervene in this proceeding on behalf of its members.

Dayton Power & Light Company

Transfer or Sale of Generating Assets (Case No. 13-2420-EL-UNC)

On December 30, 2013, DP&L filed an application to transfer or sell certain generation assets. In its application, DP&L indicated that it was exploring options to sell/transfer such assets to an affiliate as early as 2014. OMAEG filed comments on the initial application on February 4, 2014, stating that DP&L had not provided enough information to allow interested parties to properly comment on the application. Like OMAEG, other parties that filed comments in the case also stated that DP&L had not provided enough information for the parties to conduct any substantive analysis of DP&L's plan to transfer its assets.

On February 25, 2014, DP&L filed a supplemental application to transfer its generation assets. DP&L also added a request for retention of responsibility for future environmental liabilities associated with DP&L's historic ownership of its generation facilities in its supplemental application. In response, OMAEG and other intervenors again filed comments stating that DP&L's supplemental application lacked the information necessary for the intervening parties to conduct any substantive analysis of DP&L's plan to transfer its assets. A number of intervenors, including OMAEG, also commented that DP&L should be required to transfer the environmental liabilities associated with the generation facilities at the time of the transfer or sale of the generation assets.

On May 23, 2014, in an attempt to provide the additional information requested by intervenors, DP&L filed an amended supplemental application. Despite its attempt, DP&L's amended supplemental application is still largely devoid of the necessary information. DP&L continues to propose two options for the sale or transfer of its generation assets: (1) transferring the assets to an affiliate; or (2) transferring the assets to an affiliate, which would then sell those assets to a third party. DP&L did provide some additional information in the amended supplemental application about its debt reduction efforts and the need to have a mortgage lien released in order to transfer or sell the assets; however, this information is not sufficient to permit intervening parties a meaningful opportunity to comment and participate. Further, DP&L essentially copied its request to retain environmental liabilities directly from its supplemental application and incorporated it into its amended supplemental application without any attempt to address the concerns raised in intervenors' comments on the supplemental application.

The Commission established a June 30, 2014 deadline by which intervenors may file comments on DP&L's amended supplemental application. OMAEG is in the process of drafting its comments.

Duke Energy Ohio

SSO Application (Case No. 14-841-EL-SSO, et al.)

On May 29, 2014, Duke Energy Ohio filed an application to establish a standard service offer (SSO) for the period of June 1, 2015 through May 31, 2018, in the form of an electric security plan (ESP). In its proposed application, Duke states that it reserves the right to terminate the ESP at the conclusion of the second year thereof (May 31, 2017) if there is a substantive change in either Ohio or federal law that affects SSOs or rate plans concerning SSOs. As structured in the application, the proposed ESP term is for two years, which will be automatically extended for another year unless Duke terminates the plan early.

The application proposes a continuation of the current auction process for procuring supply for the SSO load. Under the plan, the delivery periods and auctions will continue to be staggered. Further, at least two auctions will occur for each delivery period. Duke has also proposed continuation of the Supplier Cost Reconciliation Rider (Rider SCR) to true-up SSO revenue with SSO supply costs. Rider SCR includes recovery of auction-related costs from SSO customers.

Notably, like the ESP recently proposed by AEP Ohio and presently being litigated, Duke's ESP application proposes recovery of significant capital investments in its distribution infrastructure. Duke proposes to recover its distribution infrastructure investments through a newly established Distribution Capital Investment Rider (Rider DCI). As proposed, Rider DCI is a nonbypassable rider that would provide for recovery of the incremental revenue requirement associated with the return on, depreciation expense, and property taxes for, incremental distribution rate base over the amount currently reflected in base rates. Rider DCI is allegedly modeled after similar riders approved by the Commission for FirstEnergy and for AEP Ohio. Rider DCI would not recover any costs associated with grid modernization so long as such costs are being recovered in a separate rider (e.g., a smartgrid rider).

Duke has also proposed a Distribution Storm Recovery Rider (Rider DSR) in its ESP application. Rider DSR is designed to track annual actual storm costs which exceed or fall short of the baseline established in the rate case. As proposed, recovery under Rider DSR would only occur if storm costs exceed $5 million annually.

Similar to AEP Ohio, Duke is in possession of certain contractual entitlements in the Ohio Valley Electric Corporation (OVEC) generation supply. Like AEP Ohio, Duke has also proposed a Price Stabilization Rider (Rider PSR), which will pass through to customers gains or losses on power delivered from OVEC to Duke. Much as the PPA Rider proposed by AEP Ohio in its recent ESP application, Duke's Rider PSR is proposed as a nonbypassable rider, and is financial in nature, providing a "partial hedge" against market volatility. There will be no physical flow of power from OVEC to Duke's retail customers. Unlike AEP's proposal, which would establish the PPA Rider for a period of three years (the term of its proposed ESP), Duke has proposed that Rider PSR will continue to be utilized through the term of its contractual entitlements, i.e., until 2040.

A procedural schedule for the case was issued on June 6, 2014, setting the matter for hearing on September 8, 2014. OMA filed a motion to intervene on June 11, 2014. Counsel for OMA attended a technical conference covering the basics of Duke's application on June 12, 2014.

On June 18, 2014, OMA, IGS Energy, OEG, Ohio Partners for Affordable Energy, and OCC filed a motion for continuance, requesting that the hearing date be rescheduled, such that it will commence on November 10, 2014. The motion further requested that all intermediate deadlines be continued accordingly. That motion is currently pending.

Application to Recover Rider EE/PDR Program Costs, Lost Distribution Revenue, and Shared Savings (Case No. 14-457-EL-RDR)

Duke Energy Ohio filed an application to recover program costs, lost distribution revenue, and shared savings associated with Rider EE/PDR on March 28, 2014. OMA filed a motion to intervene in the matter on April 29, 2014, and filed comments on the application on June 17, 2014. In its comments, OMA contends, among other arguments, that because Duke Energy Ohio has not met its energy efficiency program obligations under the established benchmark, it should not be awarded shared savings (by use of banked savings) for program year 2013. Reply comments are due on July 1, 2014.

<u>Statewide</u>

Commission's Investigation of Marketing Practices in the CRES Market (Case No. 14-568-EL-COI)

The Commission became aware in March 2014 that competitive retail electric service (CRES) suppliers have included pass-through clauses in the terms and conditions of a number of their fixed-rate contracts, purportedly permitting the CRES suppliers to pass on to the customer the additional costs of certain pass-through events. The Commission opened an investigation on April 9, 2014, to determine whether it is unfair, misleading, deceptive, or unconscionable to market supply contracts as fixed-rate contracts when the contracts include pass-through clauses. OMAEG filed comments on May 9, 2014 and reply comments on May 27, 2014 contesting the ability of CRES providers to pass through these types of charges to customers.

In addition to its participation in this investigation, counsel for OMA is in the process of actively and directly disputing, on behalf of certain OMA members, the assessment of a charge by FirstEnergy Solutions (FES), designated "RTO Expense Surcharge," to numerous commercial and industrial FES customers. By means of the RTO Expense Surcharge, FES has impermissibly attempted to pass through to customers certain costs allegedly related to the January 2014 polar vortex. Please contact Ryan Augsburger or Kim Bojko if your company has been alerted that it will be assessed an RTO Expense Surcharge, or has already been assessed the surcharge by FES, and you are interested in disputing the charge.

Legislative Actions

- **Manufactured Gas Plant Legislation**: Utilities placed language in the Mid-Biennium Budget Review (MBR) that would permit natural gas utilities to recover from customers costs associated with environmental remediation of former manufactured gas plant sites. OMA provided testimony to the legislature on this language and was successful in having the provision removed from the MBR. In light of the recent favorable ruling issued by the Supreme Court of Ohio in the appeal of the Commission's decision, look for renewed attempts by utilities to obtain a legislative solution for the matter.
- **HB 319**: The proposed legislation permits a natural gas company to file an application with the Commission to establish and recover prudently incurred infrastructure development costs of certain economic development projects.
- **SB 310**: Please refer to separately issued summary.

Judicial Actions—Pertinent Cases Presently on Appeal from the Commission to the Supreme Court of Ohio

AEP Ohio

- *In the Matter of the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company,* Case No. 2012-1484 (Appeal of Case No. 08-972-EL-FAC, et al.)
  - Oral Argument held on March 12, 2014
- *In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Section 4928.144, Ohio Revised Code,* Case No. 2012-2008 (Appeal of Case No. 11-4924-EL-RDR, et al.)
- *In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company,* Case Nos. 2012-2098 and 2013-228 (Appeal of Case No. 10-2929-EL-UNC)

- *In the Matter of the Application of Ohio Power Company to Update its Transmission Cost Recovery Rider Rates*, Case No. 2013-154 (Appeal of Case No. 12-1046-EL-RDR)
    - Oral Argument scheduled for July 9, 2014
- *In the Matter of the Application of Columbus Southern Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.1143, Revised Code, in the Form of an Electric Security Plan*, Case No. 2013-521 (Appeal of Case No. 11-346-EL-SSO, et al.)
- *In the Matter of the Application of Ohio Power Company for Approval of an Amendment to its Corporate Separation Plan*, Case No. 2013-1014 (Appeal of Case No. 12-1126-EL-UNC)

<u>FirstEnergy</u>

- *In the Matter of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 2013-513 (Appeal of Case No. 12-1230-EL-SSO)
- *In the Matter of the Review of the Alternative Energy Rider Contained in the Tariffs of Ohio Edison Company, Toledo Edison Company, and The Cleveland Electric Illuminating Company*, Case No. 2013-2026 (Appeal of Case No. 11-5201-EL-RDR)

<u>Duke Energy Ohio</u>

- *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in its Natural Gas Distribution Rates*, Case No. 2014-328 (Appeal of Case No. 12-1685-EL-AIR, et al.)

<u>Statewide</u>

- *In the Matter of the Mercantile Customer Pilot Program for Integration of Customer Energy Efficiency or Peak-Demand Reduction Programs*, Case No. 2012-2182 (Appeal of Case No. 10-834-EL-POR)
- *In the Matter of the Adoption of Rules for Alternative and Renewable Energy Technology, Resources, and Climate Regulations, and Review of Chapters 4901:5-1, 4901:5-3, 4901:5-5, and 4901:5-7 of the Ohio Administrative Code, Pursuant to Chapter 4928.66, Revised Code, as Amended by Substitute Senate Bill No. 221*, Case No. 2013-1472 (Appeal of Case No. 08-888-EL-ORD)

Substitute Senate Bill 310:
Manufacturers' Concerns

June 2014

On June 13, 2014, the Governor signed Substitute Senate Bill 310 (SB 310), freezing Ohio's energy efficiency and renewable energy standards established by enactment of Senate Bill 221 (SB 221) in 2008.

For decades, Ohio has created a regulatory framework that balances the interests of monopoly utilities and customers. It is in the state's best interest to have strong and productive public utilities, while at the same time protecting, through legislation and regulation, consumers from the market power of monopoly utilities.

SB 221 was a large piece of legislation that included tools for manufacturers to manage and/or mitigate their electric consumption through, for example, energy efficiency programs and distributed generation. SB 221 also contained provisions that favored the monopoly utilities at the expense of consumers and consumer protection. These utility-friendly provisions have resulted in higher electricity prices for manufacturers and higher profits for the utilities. Unfortunately, SB 310 does not address these cost-increasing features of SB 221, but only addresses issues related to the energy efficiency and renewable energy standards, modifying the tools that manufacturers have to mitigate their costs and reliance on the monopoly utilities.

To this end, manufacturers are concerned with several provisions contained in SB 310:

1. **Energy efficiency requirements freeze.** SB 310 freezes energy efficiency at 2014 levels (4.2 percent) for two years, 2015 and 2016. Annual benchmarks will resume in 2017 on the same schedule outlined in SB 221, ending in 2027 (rather than 2025) if the legislature does not act to further freeze, reduce, or eliminate the standards. SB 310 allows the utilities to continue their energy efficiency programs in 2015 and 2016 <u>at their sole discretion</u>.

   By freezing the standards, less energy efficiency is likely to occur because the utilities have already met the benchmarks for 2014. If no additional efficiency savings are required, the programs that manufacturers participate in will stop and manufacturers will not receive the benefits of program participation or of the downward pressure that energy efficiency resources can apply to the capacity market for two years. This will lead to increased costs for manufacturers as the manufacturer will not save money through participation in energy efficiency programs or by reducing their energy consumption, and the price of wholesale electricity will likely increase due to the elimination of energy efficiency as a generation resource in the capacity auctions.

A freeze will also create a stop/start effect that will confuse the marketplace and reduce energy savings during the freeze period. Additionally, the manner in which this bill would freeze the standards would allow utilities that choose to continue their program during the period of the freeze to do so on their own terms and without customer input through a regulatory process. By allowing the utilities to unilaterally choose whether to continue their bargained-for compliance plans, manufacturers will lose the benefits associated with the settlements that they reached. The cost-benefit analysis of those plans was based upon the terms of the utilities' plans. Adjusting the term, affects the bargained for agreement. Allowing the utilities to choose whether or not to do this and which terms should change is inherently unfair and changes the terms of the bargained-for agreements. Also, it is unclear how profit (i.e., shared savings) would be awarded to the utilities during this period.

2. **Industrial opt-out.** SB 310 allows certain large energy users to opt out of paying the cost recovery rider for energy efficiency programs.

   The OMA supports an energy efficiency program opt-out for large electricity users. Our studies demonstrate that the largest users benefit least from utility programs and the best from completing their own energy efficiency projects. Large users continually integrate energy efficiency into their core business decisions, and have specialty processes that cannot be adequately addressed by utility programs. For these reasons, an energy efficiency opt-out for larger users is good public policy.

   However, the industrial opt-out provision included in SB 310 raises some concerns. First, if a utility elects to extend (rather than modify) its current energy efficiency plan during the period of the freeze, the opt-out option will not be available to that utility's large customers until 2017. If another utility decides to modify its program during the freeze, its large customers will be able to opt-out in 2015. Consequently, the availability of an opt-out option could vary from one region of the state to another, creating an uneven playing field for competing manufacturers.

   Second, opted-out customers would still receive price suppression benefits of the utility energy efficiency programs. However, by not requiring the efficiencies achieved by the opt-out customers to be bid into the PJM market, you are not providing the same benefits of the price suppression affects to the state that other non-opt-out customers are providing to the opt-out customers.

   Furthermore, SB 310 does not include appropriate consumer protections, such as a cost-cap mechanism, for those that cannot take advantage of the opt-out provision.

3. **Expanded counting of energy efficiency.** SB 310 substantially broadens how energy efficiency would be defined with respect to what utilities can count toward compliance with the standards. For example, the bill permits utilities to count efficiency resulting from compliance with mandatory federal standards anywhere in the Ohio economy (for instance, deployment of home appliances that comply with federal energy standards). It also allows transmission and distribution infrastructure improvements that reduce line losses to count as energy efficiency projects, regardless of the intent or origin of the improvement.

By expanding the energy efficiency that counts towards the utilities' standards, SB 310 affords the utilities additional shared savings (profits) and lost distribution revenue at the expense of customers. Customers will see no benefits from the energy efficiency savings that are counted as a result of going back to 2006 savings or by counting federal standards as those efficiencies have already occurred, and thus, cannot be bid into the capacity market. Also, if those efficiencies have already occurred, the utility is earning profit on the efficiency savings without doing any additional programs. If the utility earns a profit on the efficiency savings, it will either take resources away from energy efficiency programs that could occur if the utility's program is under a cost cap, or it will increase the costs to customers.

Furthermore, under SB 221, energy efficiency programs approved by the PUCO are required to be "cost beneficial" for manufacturers. SB 310's expanded counting provisions sidestep the "cost beneficial" standard and water down the benefits manufacturers receive for their investment in energy efficiency. Instead of spending dollars on well-designed programs that maximize return on investment, these counting rules are designed to achieve the standards with efficiencies that already have been gained or would be achieved anyway without the standards. Once the utilities count these "savings," there will be no need for offering the kind of energy efficiency programs that have proven to be so valuable to manufacturers since SB 221 was enacted.

4. **Utility bill line items.** SB 310 requires utilities to include on customers' electric bills the total, itemized cost to customers of compliance with the state's energy efficiency and renewable energy standards. SB 310 requires electric bills to include the costs of energy efficiency and renewable energy, but nothing about the benefits of these resources.

   This provision would paint for the manufacturer an incomplete and misleading picture of both the true and relative cost of energy efficiency and renewable energy. Additionally, there is no provision for enabling manufacturers to compare the costs of energy efficiency and renewable energy to other energy resources.

5. **Renewable energy freeze and elimination of the in-state renewable requirement.** SB 310 freezes renewable energy purchase requirements at 2014 levels for two years. The bill also eliminates the requirement that half of current law's renewable energy standard must be met by renewable resources located in Ohio.

   The provisions jeopardize the substantial renewable energy investments that already have been made in Ohio in good faith reliance on SB 221.

6. **Study Committee.** SB 310 calls for creation of a study committee of 12 legislators and the PUCO Chairman to produce a report that includes, among other things, a cost-benefit analysis of energy efficiency and renewable energy standards, recommendation for evidence-based standards in the future, potential benefits of an opt-in system, and a review of the risk of increased grid congestion due to the retirement of coal-fired power plants.

   This provision is problematic inasmuch as the committee does not include any stakeholders who are impacted by state energy policy and who have expertise in energy technology, financing, and markets. Additionally, this provision does not provide any funding for research that will be needed to inform the study committee's work. SB 310

> also contains language that presupposes the outcome of the study committee (i.e., a reduction to the benchmarks), which will harm manufacturers by not allowing a fair review of the energy efficiency and renewable standards.

Since the enactment of SB 221, the industry has evolved, Ohio has evolved, including the development of remarkable new technologies such as hydraulic fracturing technologies that are unlocking new resources of natural gas and oil, and innovations are rapidly lowering costs in wind, solar, battery and other advanced energy technologies. These technologies are transforming U.S. and global energy markets. It is critical for the state's future economic vitality that Ohio markets participate in these transformations. The energy standards help assure that Ohio will do so, rather than getting locked into a single electric utility business model.

Ohio's manufacturers support an "all of the above" energy policy for Ohio. The state, its citizens, and its businesses are best served by securing a diverse energy resource base. Those diverse resources include coal, natural gas, nuclear, and renewable resources, as well as the energy resources provided by energy efficiency and demand response programs. Just as with any investment portfolio, a diverse energy portfolio contains internal hedges against the risks that over-reliance on any one resource contains. This is the reason that Ohio's manufacturers support, in general, energy efficiency and renewable energy standards.

SB 221's energy efficiency standards have saved manufacturers a great deal of money. According to filings made by the Ohio utilities with the PUCO, every dollar invested in the utilities' efficiency programs pays back at least two dollars in short-term benefits to their customers, and much more in the longer term. Electricity ratepayers across the state saved $1.03 billion from 2009 to 2012 through the utility energy efficiency programs. The utilities projected $4.15 billion in 'lifetime" (10 years) benefits from this four year period of energy efficiency projects. These savings come from utility efficiency program costs in those years of $456 million. By only modifying energy efficiency and the renewable standards in the context of a much larger bill (SB 221), SB 310 retains utility-friendly provisions without affording manufacturers the benefits of energy efficiency (a way to avoid the high and increasing electric security plan charges allowed by SB 221 is to not use as much electricity).

# # #

Ozone and Greenhouse Gases

The Coming Regulatory Storm

Ross Eisenberg
Vice President, Energy & Resources Policy
National Association of Manufacturers
reisenberg@nam.org

June 2014

MANUFACTURING MAKES AMERICA STRONG

The NAM Agenda

Goal 1: The United States will be the best place in the world to manufacture and attract foreign direct investment.

Goal 2: Manufacturers in the United States will be the world's leading innovators.

Goal 3: The United States will expand access to global markets to enable manufacturers to reach the 95 percent of consumers who live outside our borders.

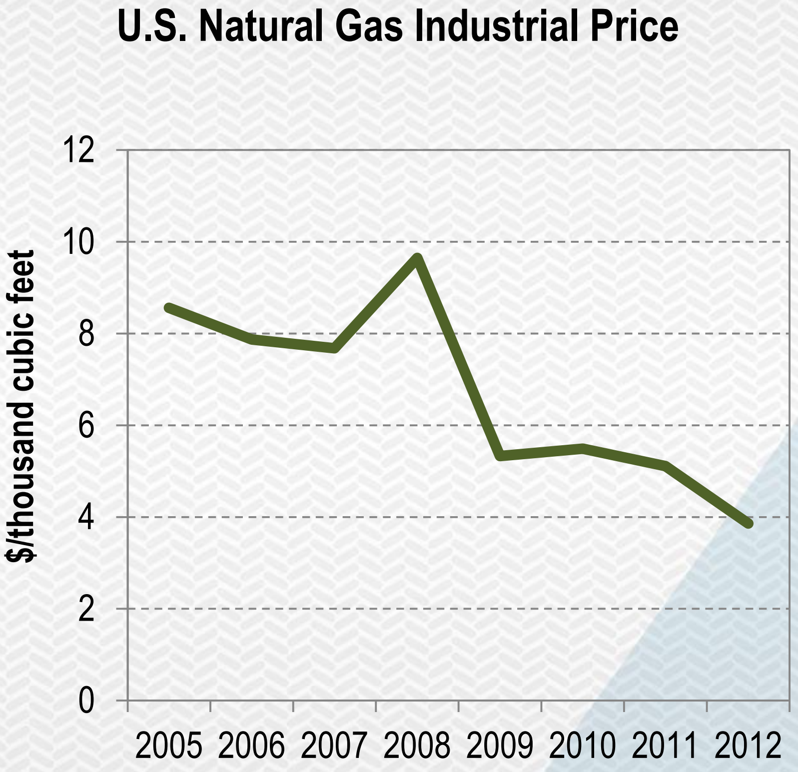
Goal 4: Manufacturers in the United States will have access to the workforce that the 21st-century economy demands.

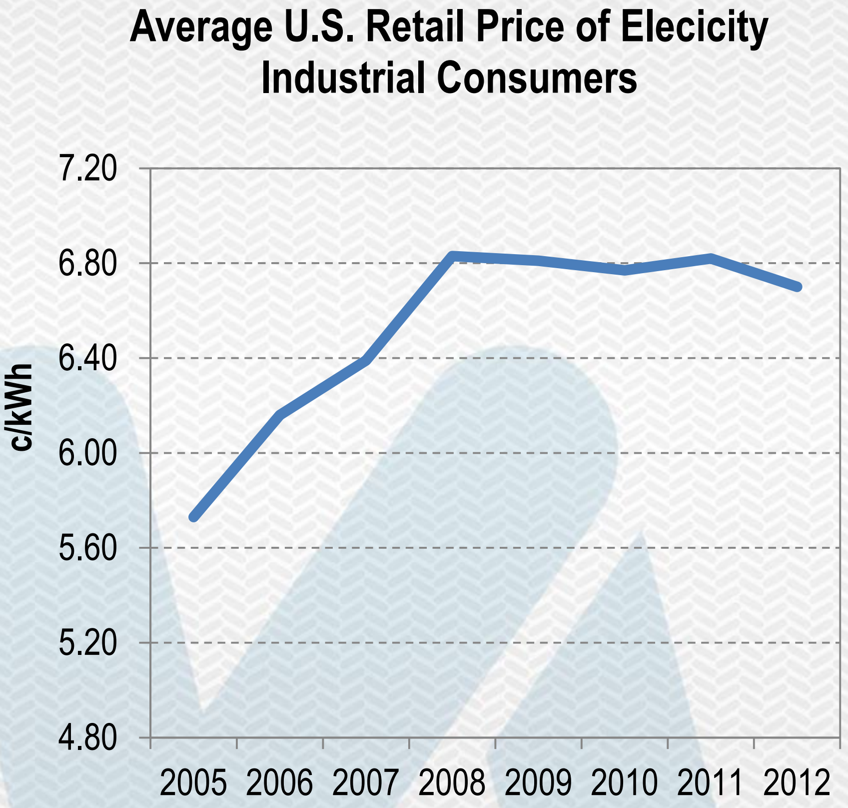
Energy Boom Driving Manufacturing Renaissance

- In 2012, supported more than 2.1 million jobs and contributed $284 billion to GDP.
- By 2020 will support more than 3.3 million jobs and 3.9 million jobs by 2025.
- Increase value of output for manufacturing of $258 billion in 2020, and $328 billion in 2025.
- 136 announced manufacturing plants representing a cumulative investment of $91 billion
- Manufacturers closing factories in other countries and returning to the United States

MANUFACTURING
MAKES AMERICA
STRONG

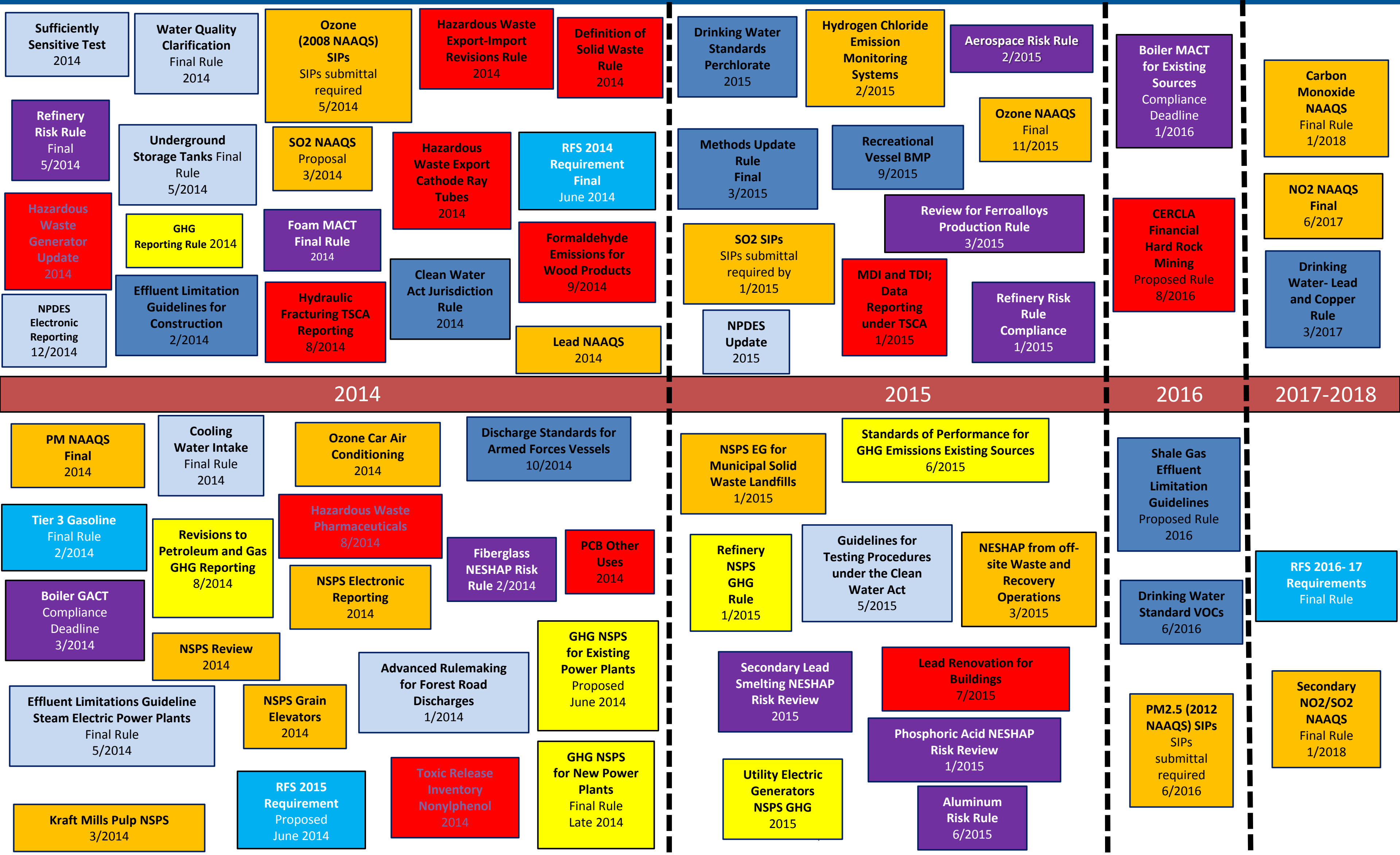
Energy Boom Impact on Manufacturers Energy Costs





Source: EIA

EPA Rulemaking Timeline



2014

Sufficiently Sensitive Test
2014

Water Quality Clarification
Final Rule
2014

Ozone (2008 NAAQS) SIPs
SIPs submittal required
5/2014

Hazardous Waste Export-Import Revisions Rule
2014

Definition of Solid Waste Rule
2014

Refinery Risk Rule
Final
5/2014

Underground Storage Tanks Final Rule
5/2014

SO2 NAAQS
Proposal
3/2014

Hazardous Waste Export Cathode Ray Tubes
2014

RFS 2014 Requirement Final
June 2014

Hazardous Waste Generator Update
2014

GHG Reporting Rule 2014

Foam MACT Final Rule
2014

Formaldehyde Emissions for Wood Products
9/2014

Clean Water Act Jurisdiction Rule
2014

NPDES Electronic Reporting
12/2014

Effluent Limitation Guidelines for Construction
2/2014

Hydraulic Fracturing TSCA Reporting
8/2014

Lead NAAQS
2014

PM NAAQS Final
2014

Cooling Water Intake
Final Rule
2014

Ozone Car Air Conditioning
2014

Discharge Standards for Armed Forces Vessels
10/2014

Tier 3 Gasoline
Final Rule
2/2014

Revisions to Petroleum and Gas GHG Reporting
8/2014

Hazardous Waste Pharmaceuticals
8/2014

Fiberglass NESHAP Risk Rule 2/2014

PCB Other Uses
2014

NSPS Electronic Reporting
2014

Boiler GACT
Compliance Deadline
3/2014

NSPS Review
2014

Advanced Rulemaking for Forest Road Discharges
1/2014

GHG NSPS for Existing Power Plants
Proposed
June 2014

Effluent Limitations Guideline Steam Electric Power Plants
Final Rule
5/2014

NSPS Grain Elevators
2014

RFS 2015 Requirement
Proposed
June 2014

Toxic Release Inventory Nonylphenol
2014

GHG NSPS for New Power Plants
Final Rule
Late 2014

Kraft Mills Pulp NSPS
3/2014

2015

Drinking Water Standards Perchlorate
2015

Hydrogen Chloride Emission Monitoring Systems
2/2015

Aerospace Risk Rule
2/2015

Ozone NAAQS
Final
11/2015

Methods Update Rule Final
3/2015

Recreational Vessel BMP
9/2015

Review for Ferroalloys Production Rule
3/2015

SO2 SIPs
SIPs submittal required by
1/2015

MDI and TDI; Data Reporting under TSCA
1/2015

Refinery Risk Rule Compliance
1/2015

NPDES Update
2015

NSPS EG for Municipal Solid Waste Landfills
1/2015

Standards of Performance for GHG Emissions Existing Sources
6/2015

Refinery NSPS GHG Rule
1/2015

Guidelines for Testing Procedures under the Clean Water Act
5/2015

NESHAP from off-site Waste and Recovery Operations
3/2015

Secondary Lead Smelting NESHAP Risk Review
2015

Lead Renovation for Buildings
7/2015

Phosphoric Acid NESHAP Risk Review
1/2015

Utility Electric Generators NSPS GHG
2015

Aluminum Risk Rule
6/2015

2016

Boiler MACT for Existing Sources
Compliance Deadline
1/2016

CERCLA Financial Hard Rock Mining
Proposed Rule
8/2016

Shale Gas Effluent Limitation Guidelines
Proposed Rule
2016

Drinking Water Standard VOCs
6/2016

PM2.5 (2012 NAAQS) SIPs
SIPs submittal required
6/2016

2017-2018

Carbon Monoxide NAAQS
Final Rule
1/2018

NO2 NAAQS Final
6/2017

Drinking Water- Lead and Copper Rule
3/2017

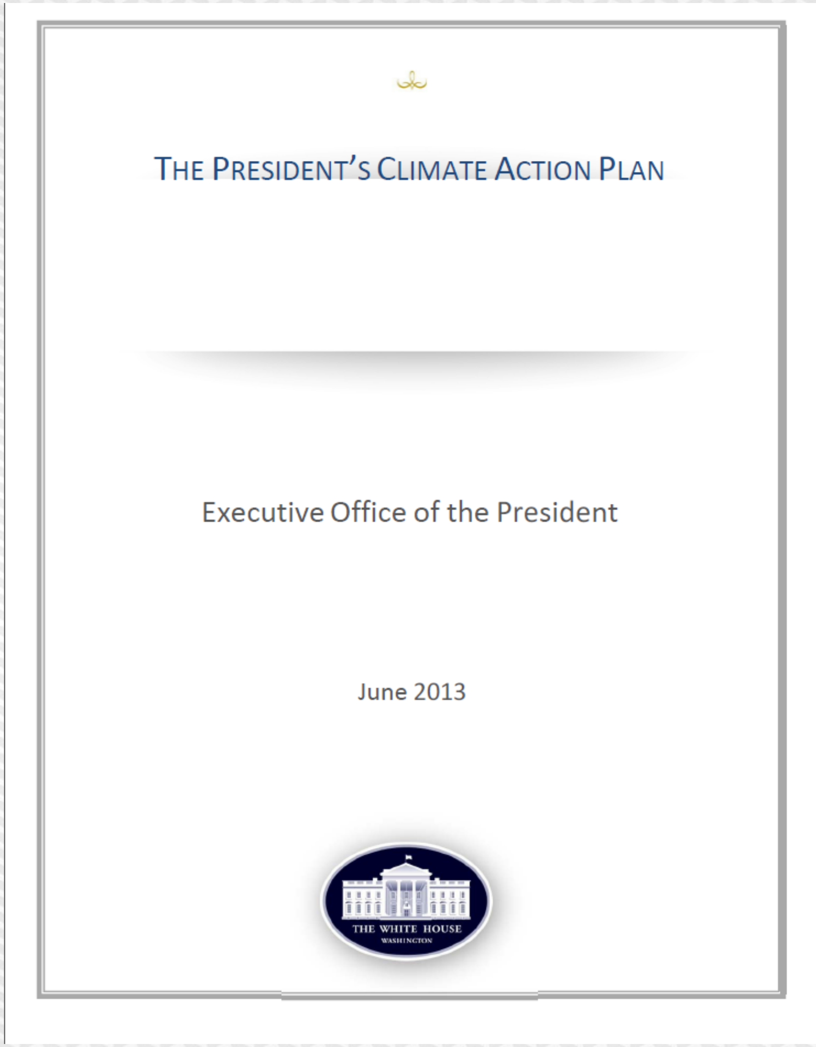
RFS 2016- 17 Requirements
Final Rule

Secondary NO2/SO2 NAAQS
Final Rule
1/2018

- 🟧 Air Quality Regulations
- 🟦 Fuel Regulations
- 🟨 GHG Regulations
- 🟪 Air Toxic Regulations
- 🟥 Hazardous Materials Regulations
- ⬜ Water Quality Regulations

Updated March 2014

Greenhouse Gases: Overview



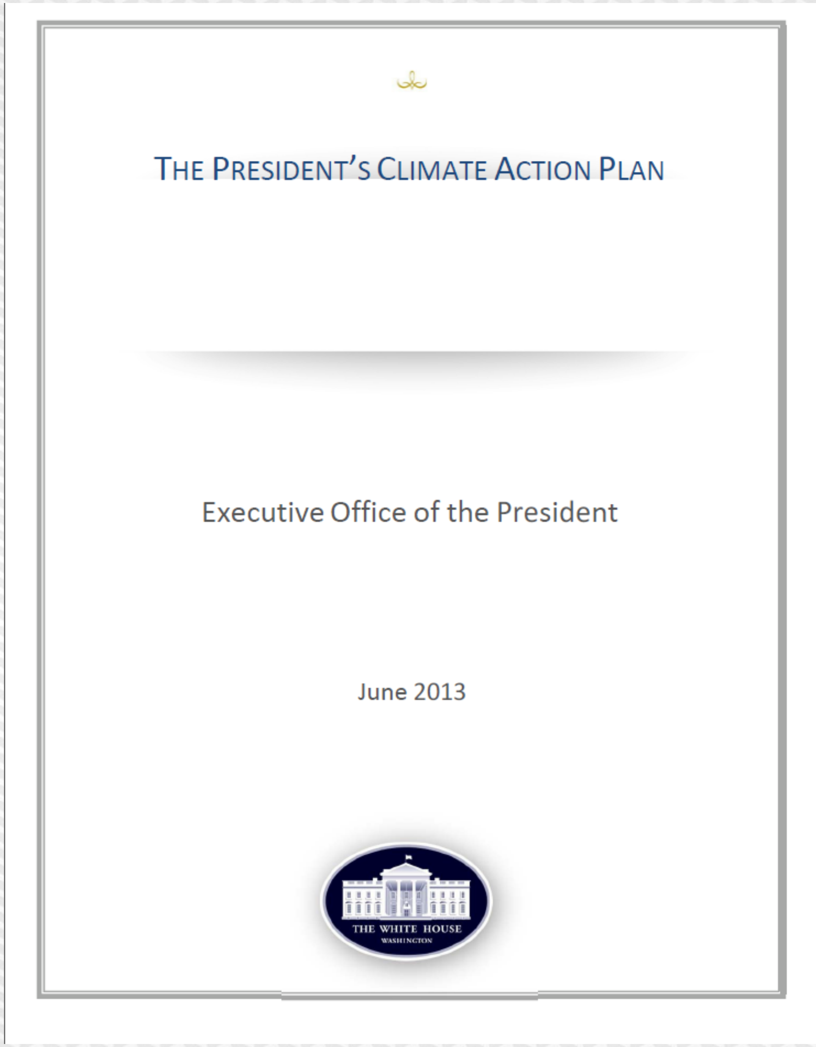
THE PRESIDENT'S CLIMATE ACTION PLAN

Executive Office of the President

June 2013

- Three Key Goals
  - 17% reduction in carbon emissions from 2005 to 2020
  - Prepare United States to adapt to climate change
  - Take leadership role in international climate change efforts
- Wide Range of Issues Addressed
  - Commitment to reduce carbon from new and existing utilities
  - Government purchase and installation of renewable energy
  - Incentives and guarantees for renewable energy
  - Investments in infrastructure for adaptation

Greenhouse Gases: Schedule of Regulation



THE PRESIDENT'S CLIMATE ACTION PLAN

Executive Office of the President

June 2013

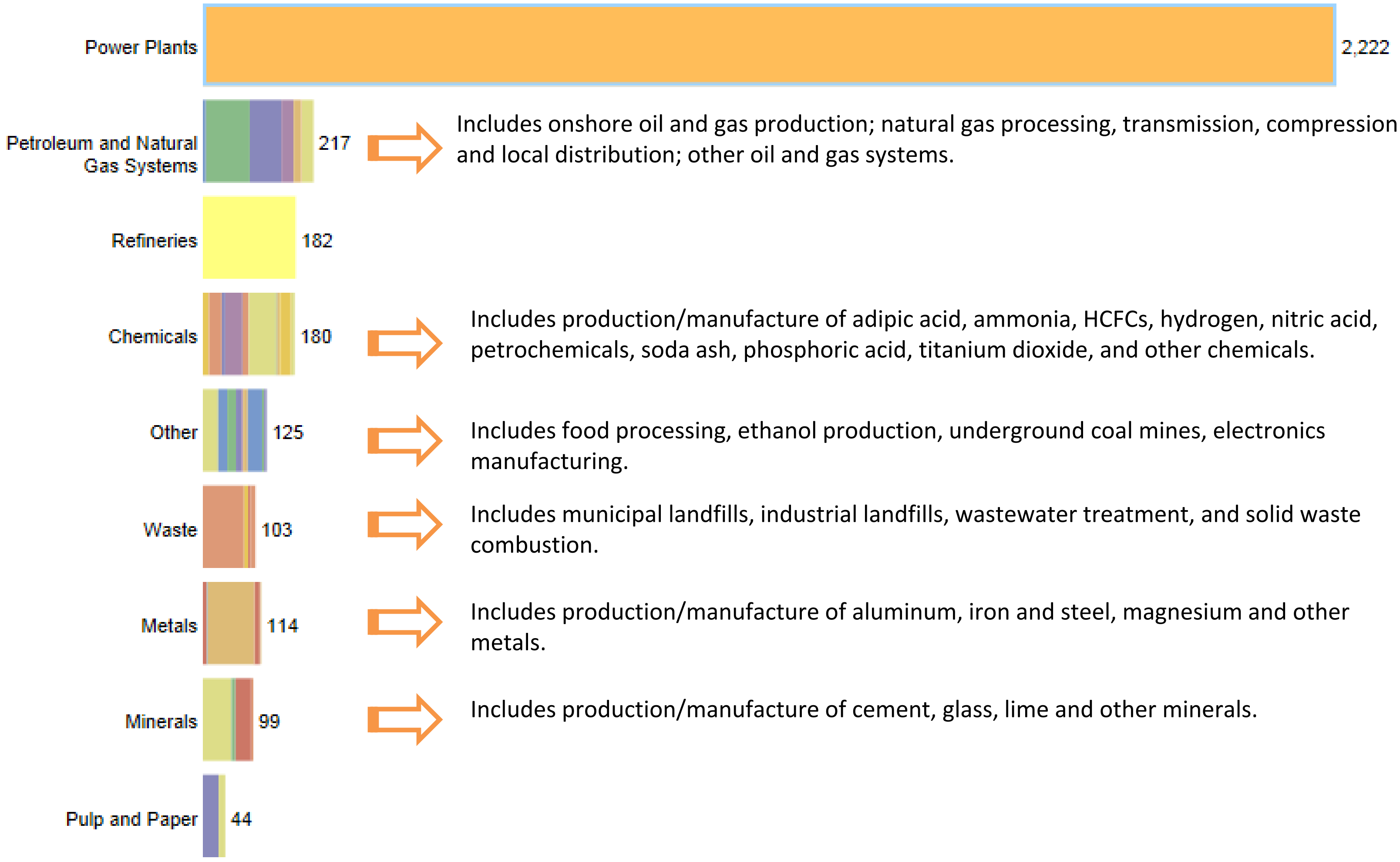
- NSPS for New Fossil Fuel-Fired Power Plants
  - Proposed 9/20/13; comment period closed May 2014
  - Three separate standards: new large natural gas plants, 1,000 lb/mwh; new small natural gas plants, 1,100 lb/mwh; new coal-fired power plants, 1,100 lb/mwh
  - To meet coal standard, partial CCS will be required; conventional coal-fired power plants are essentially banned going forward
- NSPS for Existing Fossil Fuel-Fired Power Plants
  - Proposed 6/1/14; Final rule expected 6/1/15
  - 111(d) SIP submittals due 6/30/2016; states may request one-year extension for single-state implementation plans, two-year extensions for multi-state implementation plans
  - Massively complicated regulation that ultimately requires 30 percent reductions from 2005 levels by 2030
- Post-2015: Refineries, Nat Gas, industrials

111(d) Rule overview

- *Determines each state's reductions by the state's capacity to implement "four blocks" of reduction strategies:*
  - **Block 1:** Reduce carbon intensity of coal generation through heat rate improvements – a 6% across-the-board reduction
  - **Block 2:** Replace carbon-intensive coal generation with existing and under-construction NGCC facilities
    - All NGCC facilities operate at 70% capacity
    - Emissions reductions vary based on current dispatch levels
  - **Block 3:** Replace carbon intensive coal generation with nuclear and renewable energy generation
    - Nuclear: complete all new construction; avoid projected retirement of 5.8% of current fleet
    - Renewable energy: increased generation to achieve regional average of current RPS mandates.
  - **Block 4:** Reduce demand for carbon-intensive coal generation through demand-side efficiency improvements.
    - Average annual energy efficiency improvements of 1.5%
- *Then allows states to choose their compliance options:*
  - Inside the fence: only fossil fuel EGUs are liable for achievable reductions at the facility through heat rate improvements, fuel switching, CCS and co-firing
  - Outside the fence: EPA allows states to hold "other entities to be legally responsible for actions under the plan that will, in aggregate, achieve the emission performance level." Includes displacing fossil fuels with renewable and nuclear energy, demand side management, and transmission and distribution energy efficiency measures.
  - Linking with existing state GHG regimes, such as AB32 (California economy-wide cap and trade), RGGI (Northeast US utility-level cap and trade) and CO Clean Air, Clean Jobs Act
- *Ohio is looking at about a 22% reduction from 2012 levels during the "interim goal" period (2020-2029) and a 28% percent reduction by 2030.*
  - According to EPA, Ohio's 2012 emission rate is 1,850 lbs/MWh. 2030 goal for Ohio is 1,338 lbs/MWh
  - EPA projects PJM to retire 4,622 MW of generating capacity by 2020 under these rules, all coal

MANUFACTURING MAKES AMERICA STRONG

U.S. - Direct GHG Emissions of Selected Gases Reported by Sector/Subsector in Million Metric Tons of CO_2e **(2011 reporting period)**



Includes onshore oil and gas production; natural gas processing, transmission, compression and local distribution; other oil and gas systems.

Includes production/manufacture of adipic acid, ammonia, HCFCs, hydrogen, nitric acid, petrochemicals, soda ash, phosphoric acid, titanium dioxide, and other chemicals.

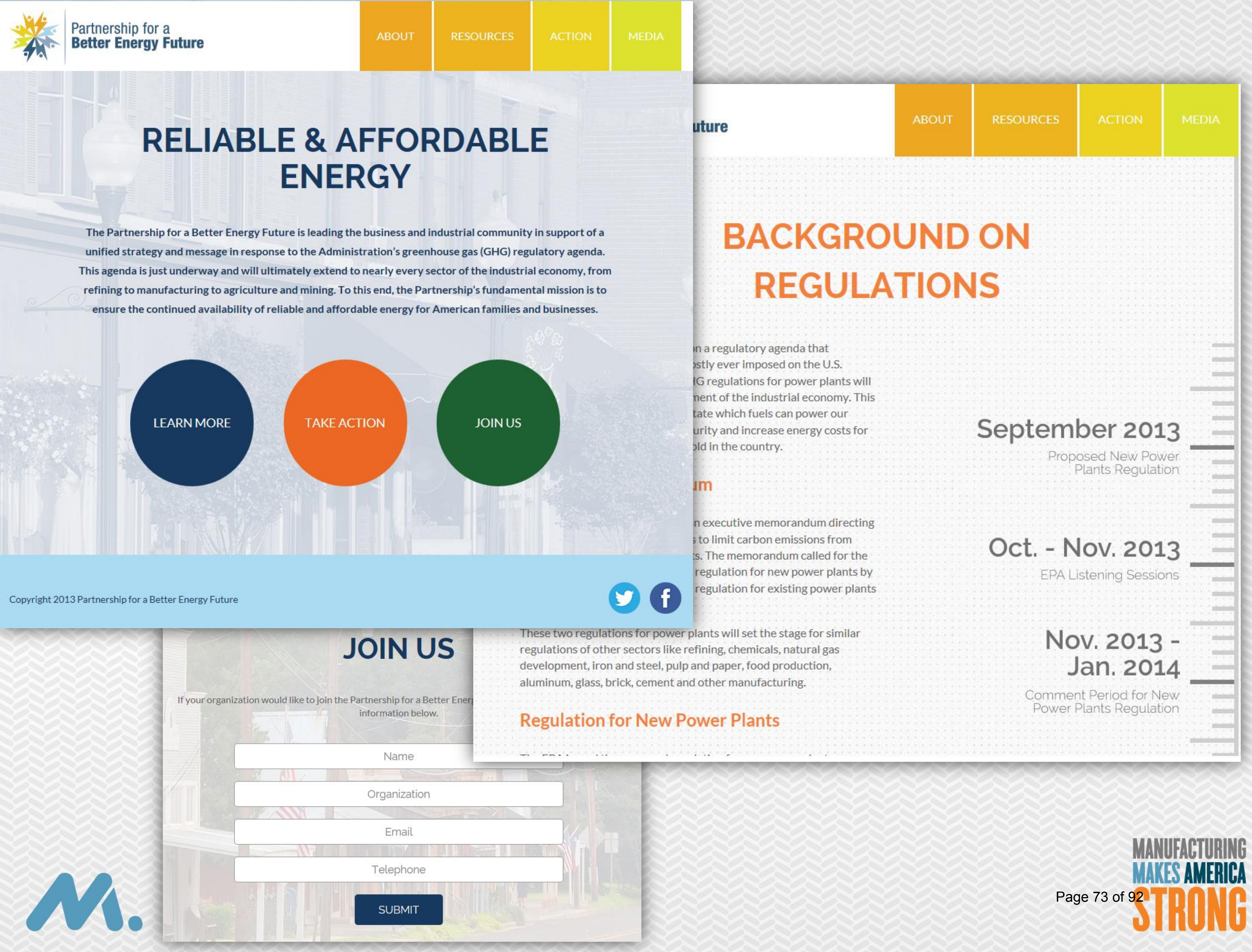
Includes food processing, ethanol production, underground coal mines, electronics manufacturing.

Includes municipal landfills, industrial landfills, wastewater treatment, and solid waste combustion.

Includes production/manufacture of aluminum, iron and steel, magnesium and other metals.

Includes production/manufacture of cement, glass, lime and other minerals.

Source: Environmental Protection Agency (ghgdata.epa.gov)



RELIABLE & AFFORDABLE ENERGY

The Partnership for a Better Energy Future is leading the business and industrial community in support of a unified strategy and message in response to the Administration's greenhouse gas (GHG) regulatory agenda. This agenda is just underway and will ultimately extend to nearly every sector of the industrial economy, from refining to manufacturing to agriculture and mining. To this end, the Partnership's fundamental mission is to ensure the continued availability of reliable and affordable energy for American families and businesses.

Copyright 2013 Partnership for a Better Energy Future

BACKGROUND ON REGULATIONS

n a regulatory agenda that
stly ever imposed on the U.S.
G regulations for power plants will
nent of the industrial economy. This
tate which fuels can power our
urity and increase energy costs for
old in the country.

um

n executive memorandum directing
s to limit carbon emissions from
s. The memorandum called for the
regulation for new power plants by
regulation for existing power plants

These two regulations for power plants will set the stage for similar regulations of other sectors like refining, chemicals, natural gas development, iron and steel, pulp and paper, food production, aluminum, glass, brick, cement and other manufacturing.

Regulation for New Power Plants

September 2013
Proposed New Power Plants Regulation

Oct. - Nov. 2013
EPA Listening Sessions

Nov. 2013 - Jan. 2014
Comment Period for New Power Plants Regulation

JOIN US

If your organization would like to join the Partnership for a Better Ener
information below.

Name

Organization

Email

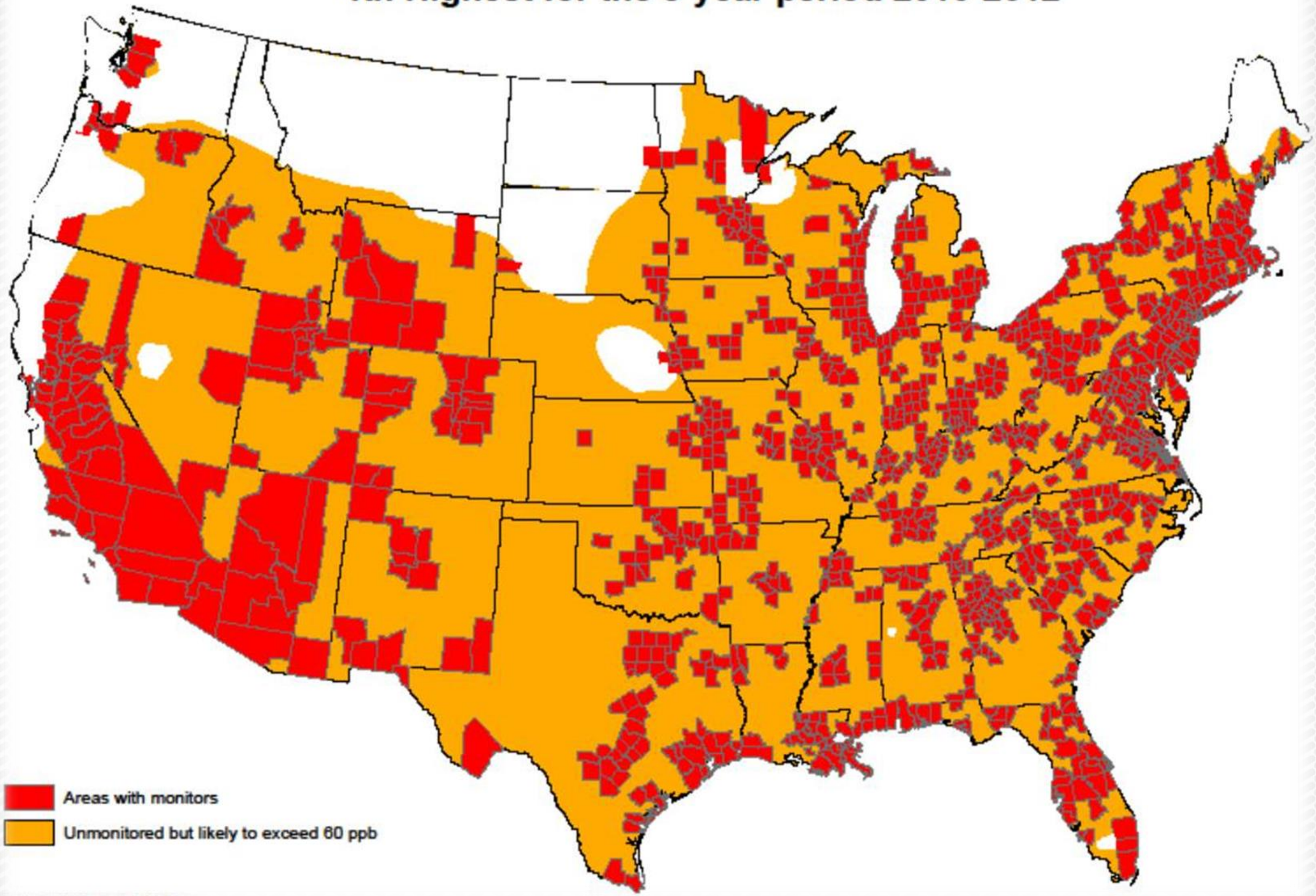
Telephone

8-Hour Ozone Nonattainment Areas (2008 Standard)

Nonattainment areas are indicated by color. When only a portion of a county is shown in color, it indicates that only that part of the county is within a nonattainment area boundary.

Source: Environmental Protection Agency

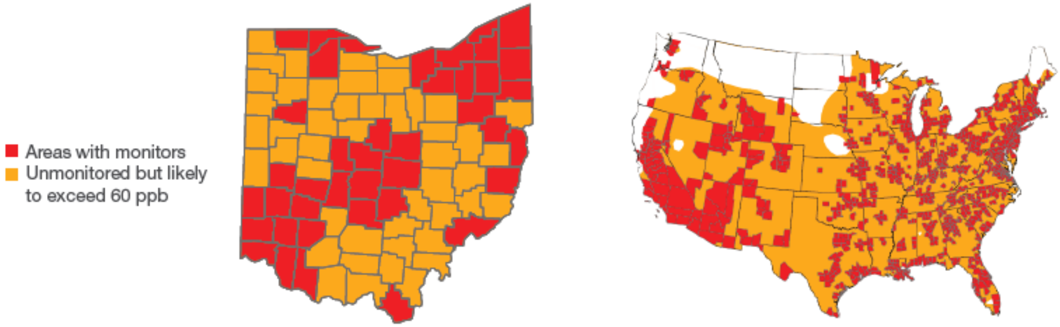
NAAQS Ozone 8-hr Design Values
4th Highest for the 3-year period 2010-2012



Source: URS, June 4, 2013

New EPA Regulations Will Stifle Manufacturing Growth in Ohio

The Environmental Protection Agency (EPA) is developing new ozone regulations that will put manufacturing growth at risk in the red and orange areas in your state.



Projected Nonattainment in Ohio (60 ppb)

Projected Nonattainment in the United States (60 ppb)

Source: URS

Growth Stifling Regulations Are Coming

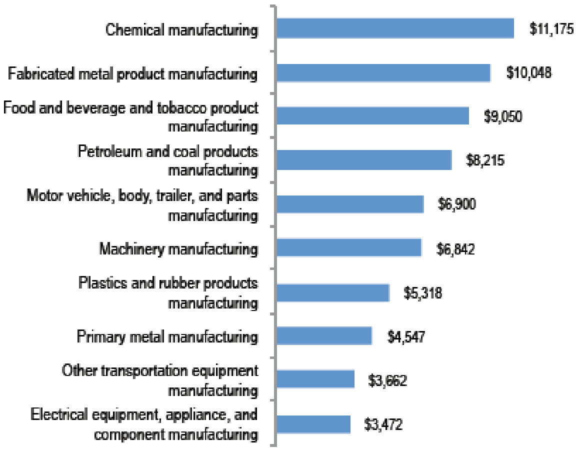
- The ***EPA plans to tighten*** the National Ambient Air Quality Standards (NAAQS) for ***ground-level ozone*** from the current 75 parts per billion (ppb) to between 60 and 70 ppb, ***or even lower.***
- Ground-level ozone is formed from the combustion of fuel from cars, power plants and other industrial plants, as well as non-manmade sources like plants, forest fires and ozone from the stratosphere migrating to ground level.
- Just this year, a federal court ruled that the ***current standard protects human health.***

The Costs Will Be Astronomical

- When EPA considered tightening the same standard in 2010, the estimated costs in Ohio were ***$5.6 billion per year.***

At Risk: Top 10 Manufacturing Industries in Ohio

Contribution to state GDP, Millions of Dollars



Source: U.S. Bureau of Economic Data

It Gets Worse For Counties In The Red and Orange

- ***Manufacturers won't be able to expand*** without a reduction of emission or ***shut down of operations*** from other businesses in the area.
- Plans for ***new plants*** and ***expansion*** at existing plants will be ***shelved.***
- ***Federal highway funds*** could ***freeze.***
- Existing facilities will have to ***change processes*** and ***pay for new equipment.***
- Economic ***growth will halt.***

Industries That Can't Grow

- Counties potentially impacted by the new standards are responsible for ***852,939 manufacturing, natural resources and mining, and construction jobs*** (U.S. Bureau of Labor Statistics, 2012 Q4).

MANUFACTURING MAKES AMERICA STRONG

NATIONAL ASSOCIATION OF
Manufacturers

MEDIA CONTACTS:
AEP Ohio
Fay White
614-883-6679
aepohiomediarelations@aep.com

FrazierHeiby
Hannah Ellson
614-702-2128
hellson@frazierheiby.com

FOR IMMEDIATE RELEASE

THE OHIO MANUFACTURER'S ASSOCIATION RECEIVES AEP OHIO'S ENERGY EFFICENCY LEADERSHIP AWARD

GAHANNA, Ohio, April 30, 2014 — The Ohio Manufacturer's Association (OMA) received AEP Ohio's Energy Efficiency Leadership Award at an event held today at the Grange Insurance Audubon Center in Columbus.

OMA was recognized for its efforts to help its members in AEP Ohio's service territory to save more than 47 million kilowatt hours of electricity, which is almost one percent of their total annual electricity use.

OMA members and manufacturers participate in work groups to share and learn best practices in combined heat and power, waste heat recovery and energy efficiency. OMA also helps members navigate energy efficiency incentive programs, helping members to decide which programs are right for their business and to manage the rebate application process.

The Ohio Manufacturer's Association was one of 14 businesses, organizations and educators honored from throughout the state at AEP Ohio's second Energy Efficiency Awards event. The award recognizes AEP Ohio business customers and partners that have demonstrated a strong commitment to energy efficiency.

"Each of today's award winners have made outstanding contributions to increasing energy efficiency within their organizations, reducing their energy use while helping them save money on energy costs, which in turn impacts the environment," said Pablo A. Vegas, AEP Ohio president and chief operating officer. "We hope their efforts will inspire other businesses to partner with AEP Ohio and take advantage of our energy efficiency programs."

AEP Ohio offers a variety of energy efficiency programs and discounts to help residential and business customers to stop wasting energy and start saving money. For more information, visit AEPOhio.com/WasteLess (residential) or AEPOhio.com/Solutions (business).

# # #

AEP Ohio provides electricity to nearly 1.5 million customers of major AEP subsidiaries Ohio Power Company in Ohio and Wheeling Power Company in the northern panhandle of West Virginia. AEP Ohio is based in Gahanna, Ohio, and is a unit of American Electric Power. News and information about AEP Ohio can be found at AEPOhio.com.

American Electric Power is one of the largest electric utilities in the United States, delivering electricity to more than 5 million customers in 11 states. AEP ranks among the nation's largest generators of electricity, owning nearly 38,000 megawatts of generating capacity in the U.S. AEP also owns the nation's largest electricity transmission system, a nearly 39,000-mile network that includes more 765 kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP's transmission system directly or indirectly serves about 10 percent of the electricity demand in the Eastern Interconnection, the interconnected transmission system that covers 38 eastern and central U.S. states and eastern Canada, and approximately 11 percent of the electricity demand in ERCOT, the transmission system that covers much of Texas. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east and north Texas). AEP's headquarters are in Columbus, Ohio. News releases and other information about AEP can be found at aep.com.

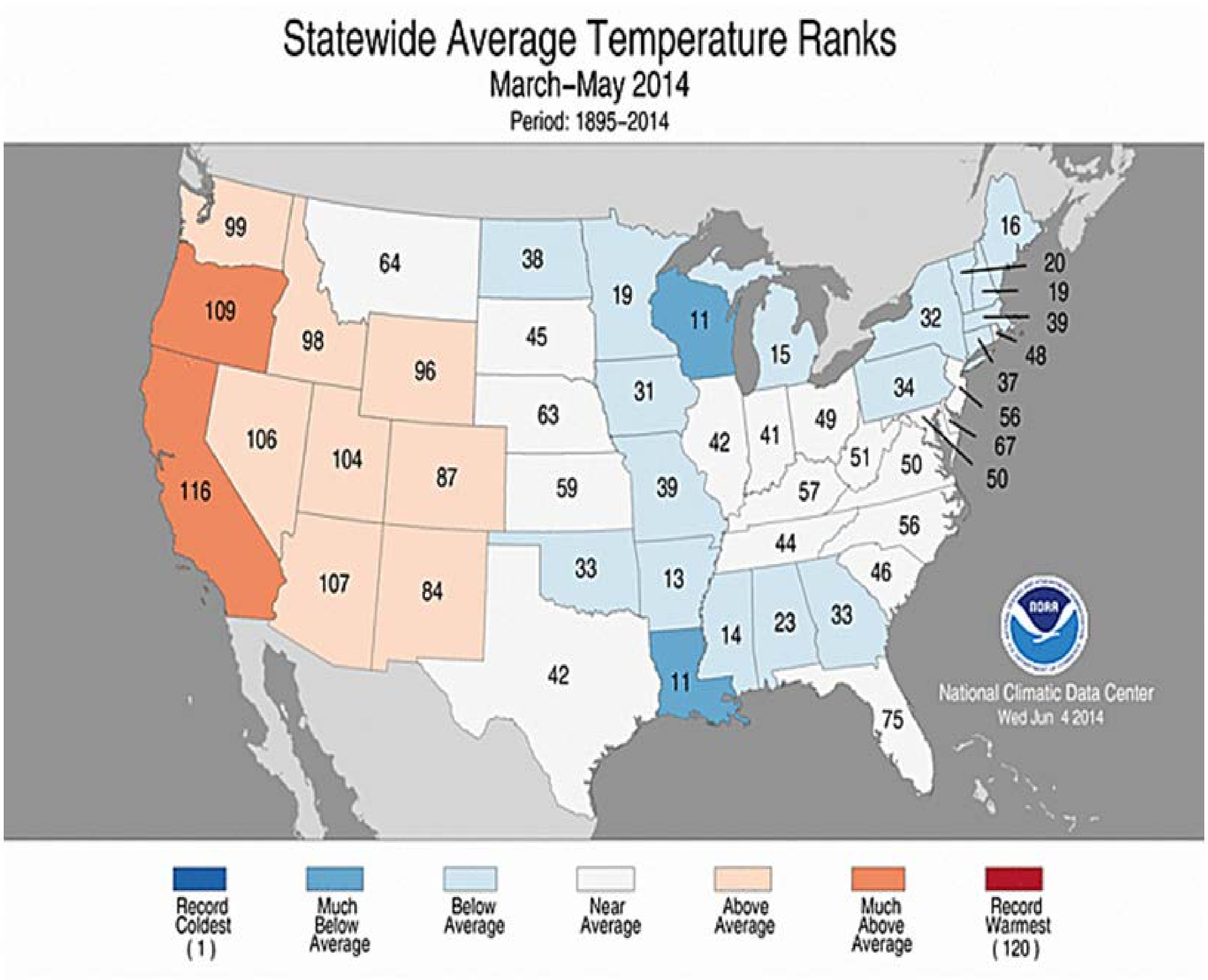
Natural Gas Update
OMA Energy Committee

Richard Ricks
NiSource
June 25, 2014

Agenda

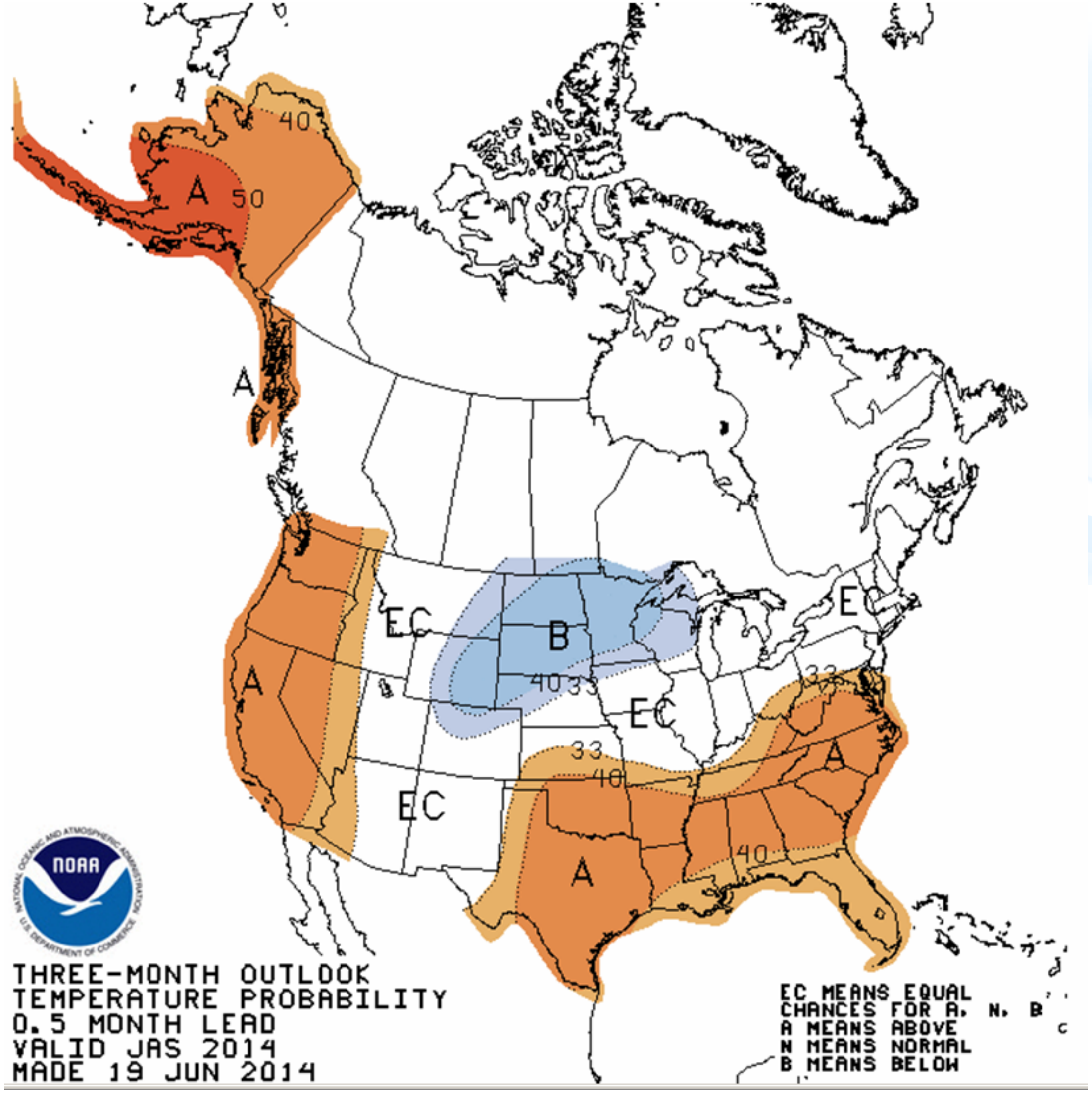
- Weather
  - National
  - Columbia Gas of Ohio Degree Days
  - 5th Coldest Winter – November 2013 thru March 2014
- National Storage
- Natural Gas Pricing
  - Spot Pricing History
  - NYMEX Prompt Month History
  - NYMEX Gas Futures
- Drilling Rig Counts
- Gas Production
- Summary

3-Month Statewide Average Temperature Ranks

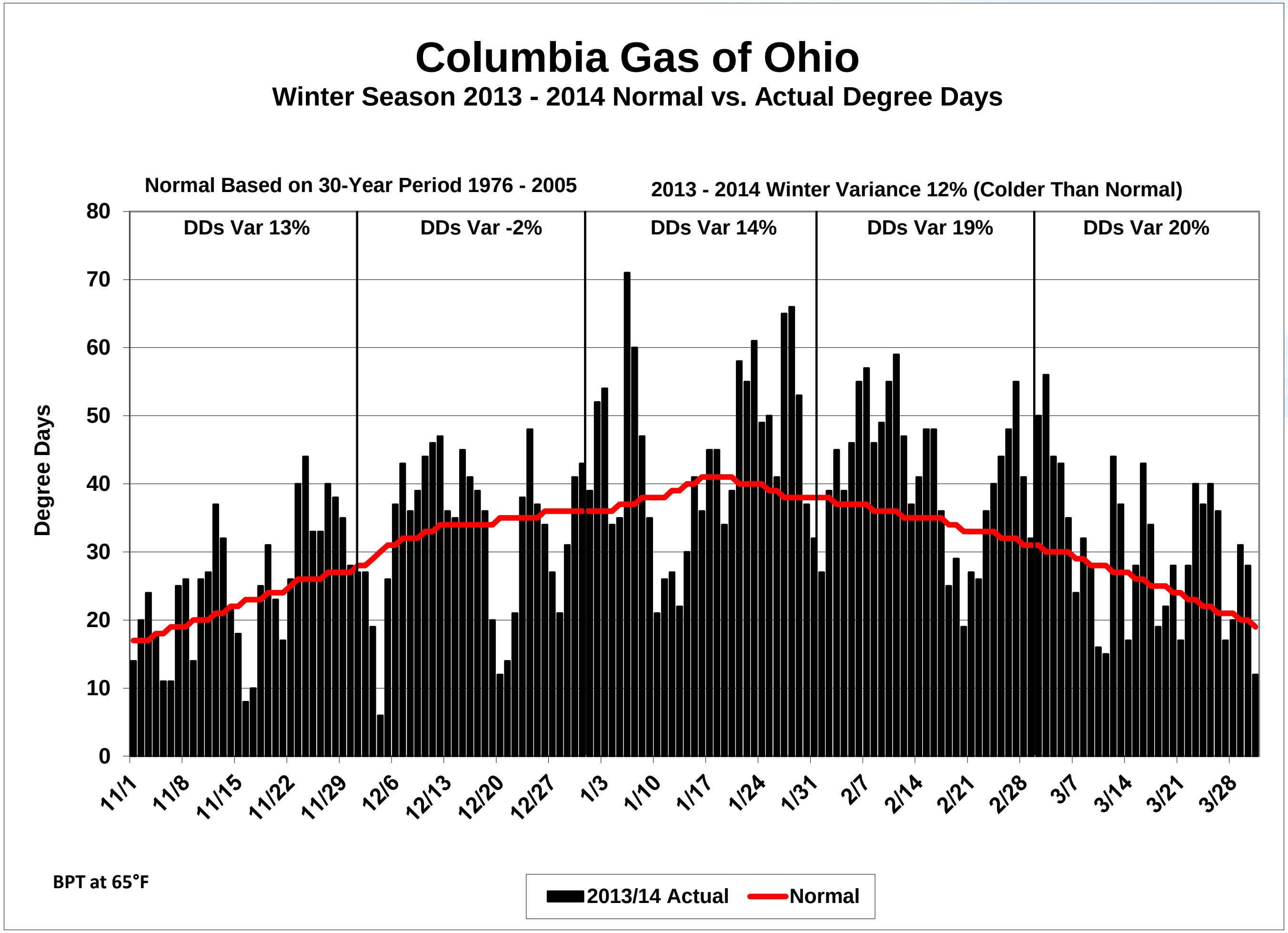

Statewide Average Temperature Ranks
March–May 2014
Period: 1895–2014

National Climatic Data Center
Wed Jun 4 2014

July, August and September 2014
Temperature Outlook



Degree Day Comparison



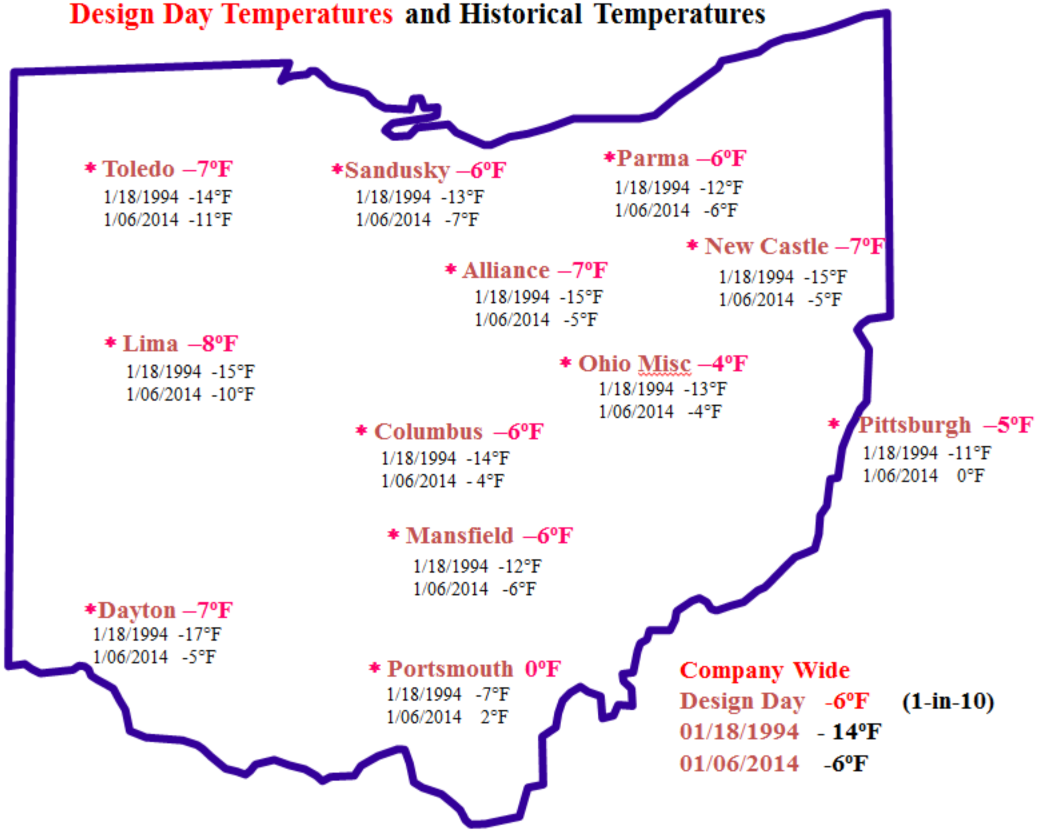
Columbia Gas of Ohio

Winter Season 2013 - 2014 Normal vs. Actual Degree Days

5th Coldest Winter - November 2013 thru March 2014 (in 65 Years)

Service Areas of Columbia Gas of Ohio

Design Day Temperatures and Historical Temperatures



* **Toledo –7°F**
1/18/1994 -14°F
1/06/2014 -11°F

* **Sandusky –6°F**
1/18/1994 -13°F
1/06/2014 -7°F

* **Parma –6°F**
1/18/1994 -12°F
1/06/2014 -6°F

* **New Castle –7°F**
1/18/1994 -15°F
1/06/2014 -5°F

* **Alliance –7°F**
1/18/1994 -15°F
1/06/2014 -5°F

* **Lima –8°F**
1/18/1994 -15°F
1/06/2014 -10°F

* **Ohio Misc –4°F**
1/18/1994 -13°F
1/06/2014 -4°F

* **Columbus –6°F**
1/18/1994 -14°F
1/06/2014 - 4°F

* **Pittsburgh –5°F**
1/18/1994 -11°F
1/06/2014 0°F

* **Mansfield –6°F**
1/18/1994 -12°F
1/06/2014 -6°F

* **Dayton –7°F**
1/18/1994 -17°F
1/06/2014 -5°F

* **Portsmouth 0°F**
1/18/1994 -7°F
1/06/2014 2°F

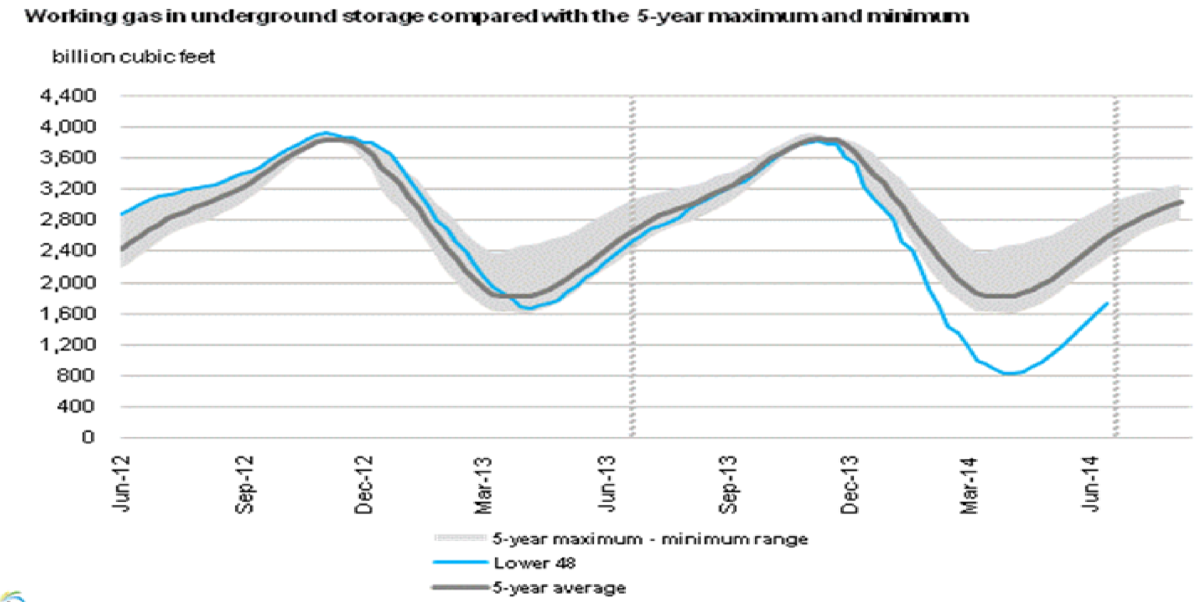
Company Wide
Design Day -6°F (1-in-10)
01/18/1994 - 14°F
01/06/2014 -6°F

Design Average Day / Actual Average Day

Summary

Summary

Working gas in storage was 1,719 BCF as of Friday, June 13, 2014, according to EIA estimates. This represents a net increase of 113 BCF from the previous week. Stocks were 706 BCF less than last year at this time and 851 BCF below the 5-year average of 2,570 BCF. In the East Region, stocks were 397 BCF below the 5-year average following net injections of 70 BCF. Stocks in the Producing Region were 350 BCF below the 5-year average of 981 BCF after a net injection of 27 BCF. Stocks in the West Region were 104 BCF below the 5-year average after a net addition of 16 BCF. At 1,719 BCF, total working gas is below the 5-year historical range.



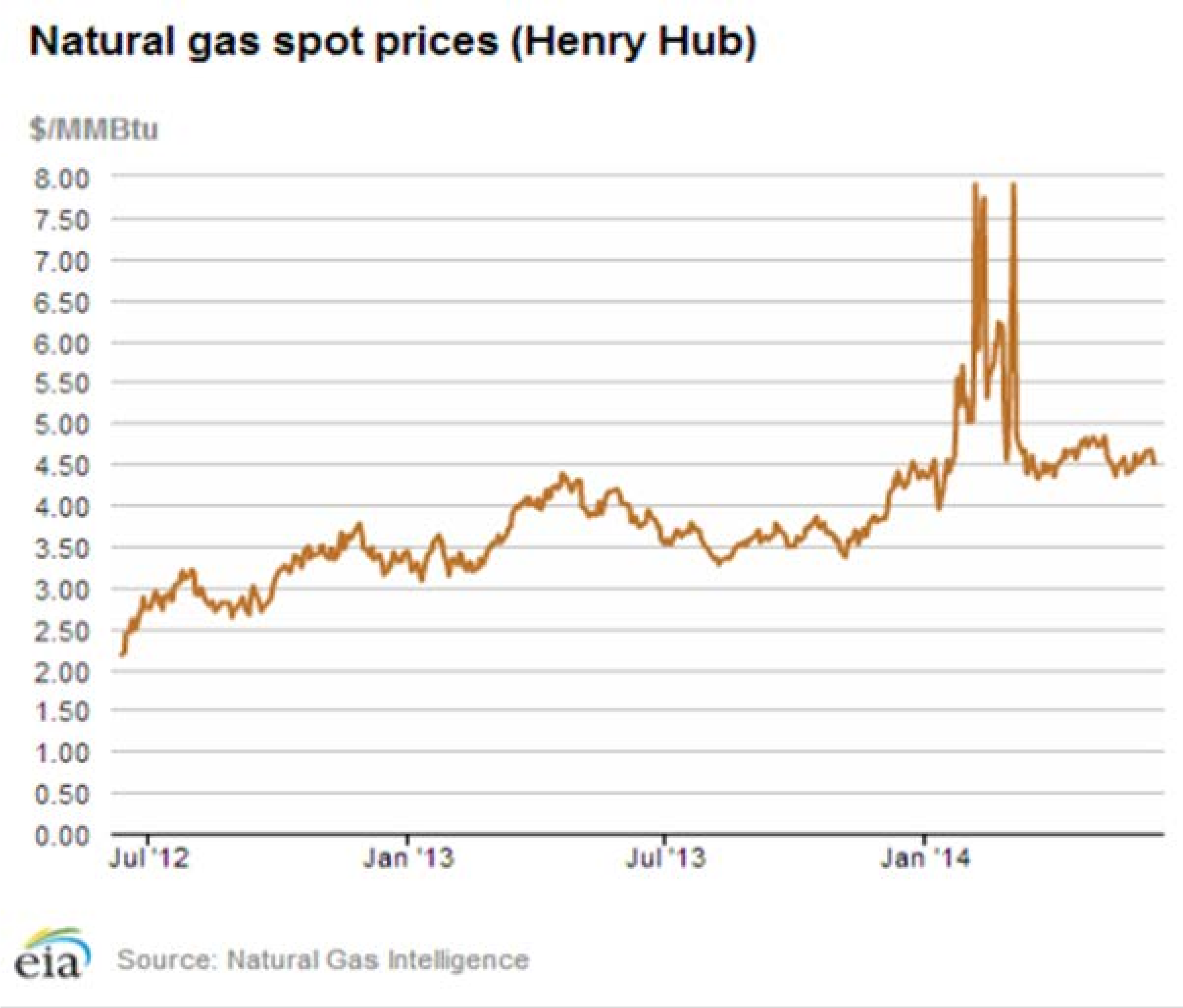
Working gas in underground storage compared with the 5-year maximum and minimum

Source: U.S. Energy Information Administration

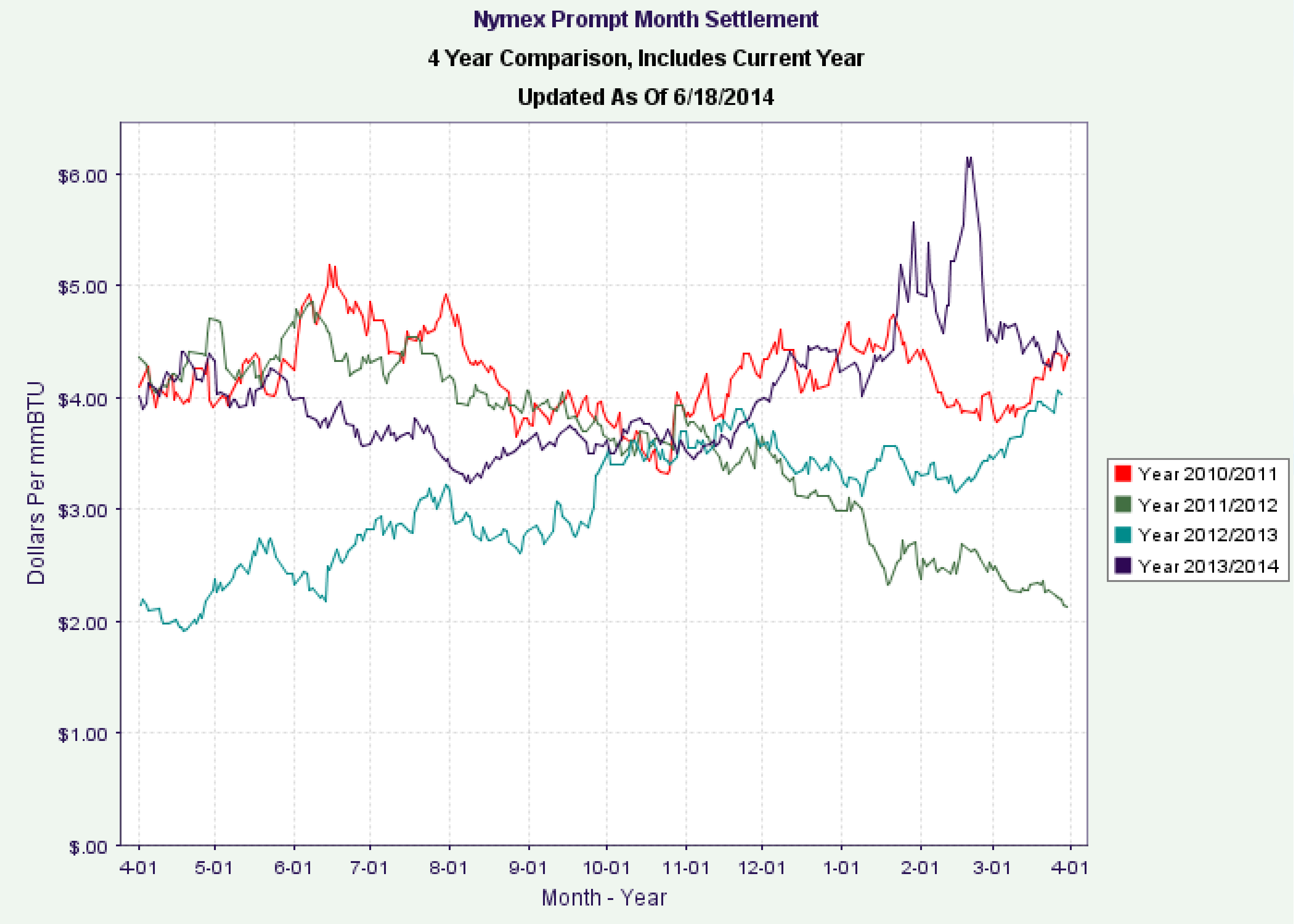
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2009 through 2013.

Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods.

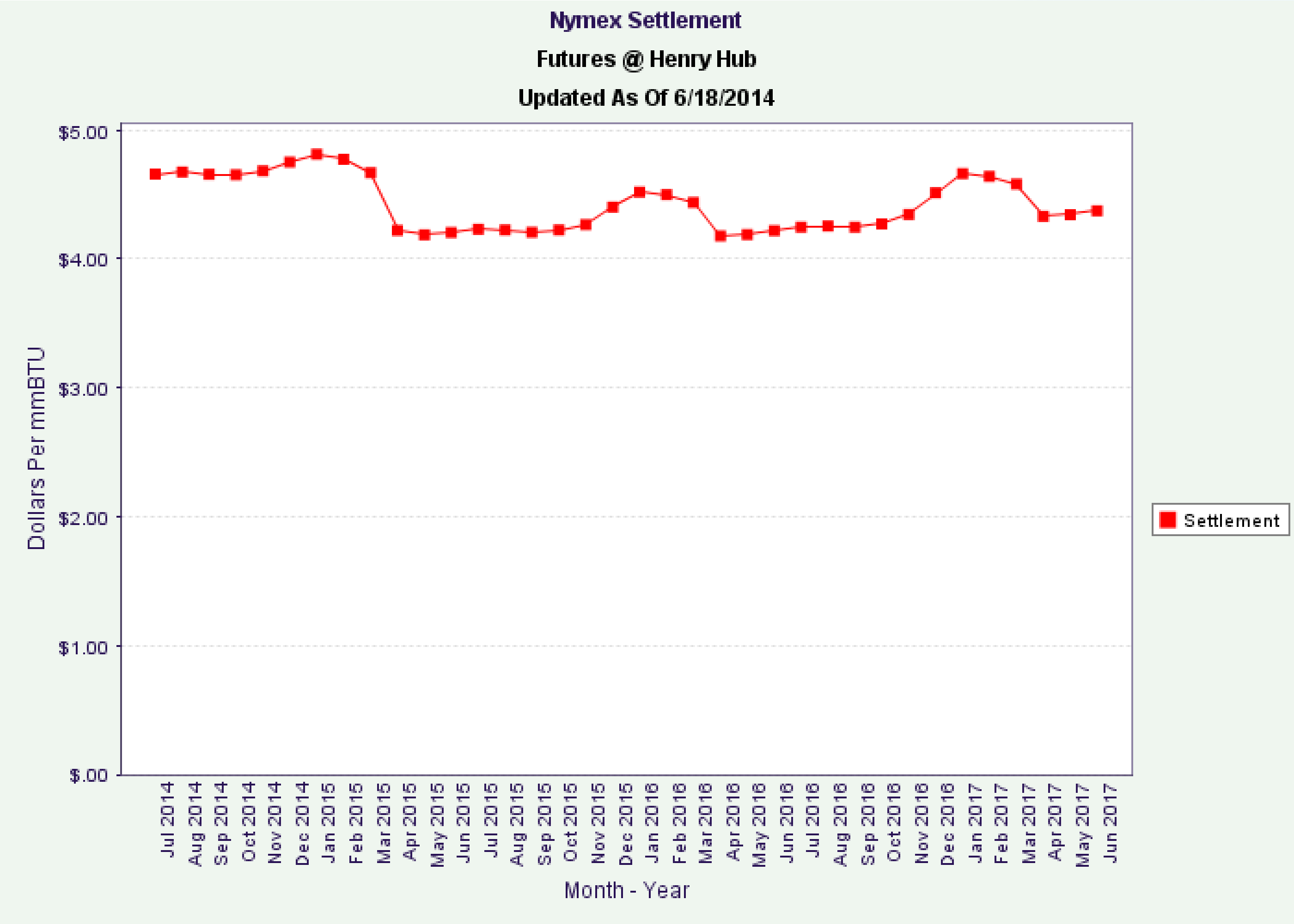
Natural Gas Spot Price



NYMEX Prompt Month Settlement



NYMEX Strip


Nymex Settlement
Futures @ Henry Hub
Updated As Of 6/18/2014
$5.00
$4.00
$3.00
$2.00
$1.00
$.00
Dollars Per mmBTU
Jul 2014
Aug 2014
Sep 2014
Oct 2014
Nov 2014
Dec 2014
Jan 2015
Feb 2015
Mar 2015
Apr 2015
May 2015
Jun 2015
Jul 2015
Aug 2015
Sep 2015
Oct 2015
Nov 2015
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Jan 2016
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Apr 2016
May 2016
Jun 2016
Jul 2016
Aug 2016
Sep 2016
Oct 2016
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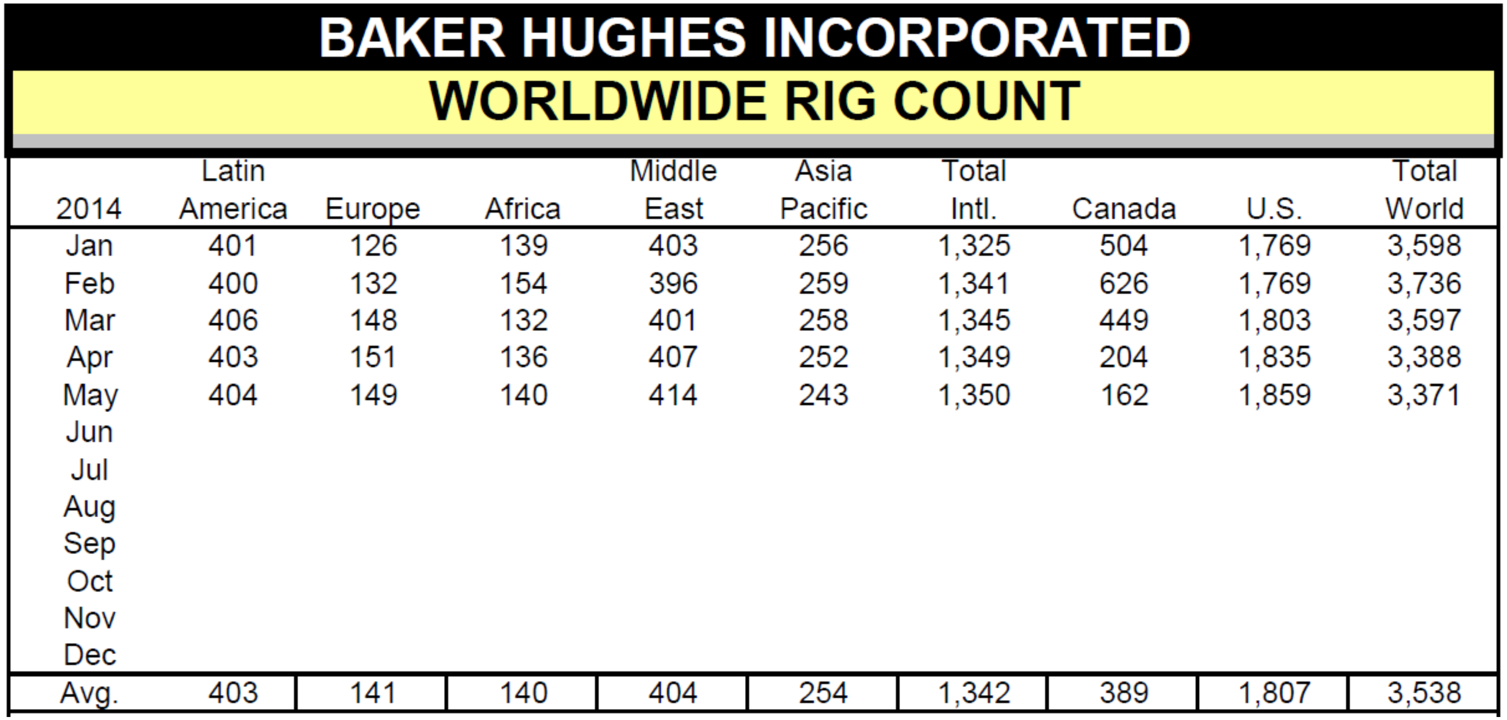
Dec 2016
Jan 2017
Feb 2017
Mar 2017
Apr 2017
May 2017
Jun 2017
Month - Year
Settlement

2014 World Wide Rig Count

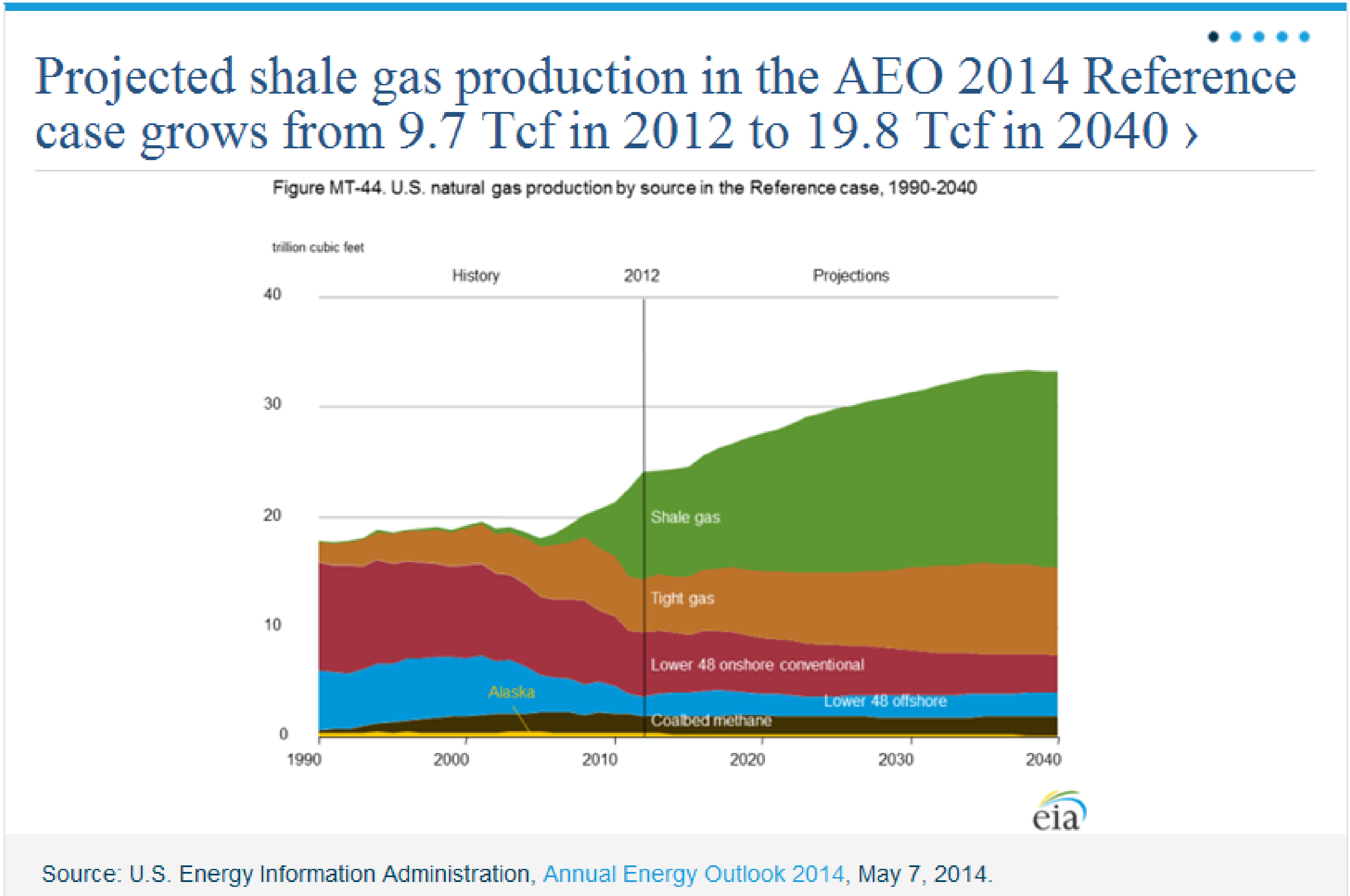


BAKER HUGHES INCORPORATED

WORLDWIDE RIG COUNT

2014	Latin America	Europe	Africa	Middle East	Asia Pacific	Total Intl.	Canada	U.S.	Total World
Jan	401	126	139	403	256	1,325	504	1,769	3,598
Feb	400	132	154	396	259	1,341	626	1,769	3,736
Mar	406	148	132	401	258	1,345	449	1,803	3,597
Apr	403	151	136	407	252	1,349	204	1,835	3,388
May	404	149	140	414	243	1,350	162	1,859	3,371
Jun									
Jul									
Aug									
Sep									
Oct									
Nov									
Dec									
Avg.	403	141	140	404	254	1,342	389	1,807	3,538

U. S. SHALE GAS PRODUCTION



Projected shale gas production in the AEO 2014 Reference case grows from 9.7 Tcf in 2012 to 19.8 Tcf in 2040 ›

Figure MT-44. U.S. natural gas production by source in the Reference case, 1990-2040

Source: U.S. Energy Information Administration, Annual Energy Outlook 2014, May 7, 2014.

Summary

- Nothing too awfully exciting
- Pricing has not changed much
  - 1 year NYMEX strip $4.58
  - 2 year NYMEX strip $4.48
  - 3 year NYMEX strip $4.45
  - 4 year NYMEX strip $4.47
- Storage is below historical averages
  - May need more “flowing supply” this winter
- Suggestions to improve this quarterly gas update?