



November 29, 2016

Senator Troy Balderson
District 20
Senate Building
1 Capitol Square, Ground Floor
Columbus, OH 43215

Dear Chairman Balderson and Members of the Senate Energy and Natural Resources Committee:

Thank you for your review and consideration of Ohio's energy policies through your work on the Senate Energy and Natural Resources Committee.

Our companies and trade associations have a long and successful history of doing business in Ohio. Altogether we represent a dedicated and loyal workforce of more than 30,000 employees in the state. As major Ohio employers and large energy users, we are very concerned about Ohio's energy future.

We strongly support restoring Ohio's Energy Efficiency Resource Standard (EE Standard) in 2017 and ending the freeze imposed by SB 310.

After two years to reflect on the impacts of SB 310, we believe that an EE Standard is in the best interest of all Ohio businesses and residents. As part of any legislation that you consider, we encourage you to reinstate Ohio's EE Standard.

Energy efficiency programs are good for all Ohio businesses and residents.

As large employers and major energy consumers, we understand firsthand how energy policies affect the cost of doing business. All Ohio consumers and businesses benefit when we reduce energy waste – whether or not they participate directly in energy-saving programs. Policies that keep energy costs low and predictable over the long-term are a major consideration for our companies as we make business decisions and investments. For this reason we support policies, such as the EE Standard, that promote investments in comprehensive, cost-effective energy-saving programs that lower bills for everyone.

Before it was frozen, Ohio's EE Standard was a key driver in expanding the benefits of energy efficiency to Ohio residents and businesses.

After the EE Standard was adopted in 2008, energy savings achieved by Ohio utilities increased substantially, from 55GWh in 2008 to 1,571GWh in 2012. This represents a more than 28-fold



increase.¹ As the EE Standard goals have increased, each utility in Ohio has exceeded their statutory requirement. Moreover, the investments made through energy-saving programs have delivered significant and increasing value to Ohio's consumers and businesses. For example, FirstEnergy recently reported that its energy efficiency programs delivered \$2.41 to \$2.76 in benefits for every dollar invested in 2013 and 2014.² Other Ohio utilities have reported similar results.

The EE Standard helps large commercial and industrial facilities reduce their energy costs so that they can compete in global markets.

Energy efficiency and peak demand reduction programs such as those developed and deployed under the EE Standard often make the difference in a business' decision to invest in energy efficient products and systems versus other competing investments. As global companies, there are many potential investment opportunities to be made around the world, but only limited capital resources to do so. The EE Standard programs give us greater ability to make investments in Ohio, rather than in other states or countries.

Restoring the EE Standard will help keep costs low for all Ohio energy consumers.

Since the freeze of the EE Standard, some Ohio utilities have eliminated cost-effective energy-saving programs.³ The elimination of these effective programs means that customers are now paying for higher energy costs than necessary. For example, the cost per kWh for EE Standard programs in Ohio has been about \$0.01/kWh⁴ compared to about \$0.03-0.04/kWh for supply side options.⁵ In other words, electricity bills will be higher for our businesses if other energy resources are pursued instead of energy efficiency. We believe that restoring the EE Standard will help to ensure that investments in cost-effective energy resources are pursued when appropriate and are not suddenly curtailed. A robust, multi-year EE Standard gives companies like ours confidence that Ohio is committed to keeping energy costs low, through policies that are clear and knowable.

¹ Midwest Energy Efficiency Alliance, "Benefits of Energy Efficiency in Ohio," http://www.mwalliance.org/sites/default/files/uploads/MEEA_2014_Ohio-EE-Expo_Fact-Sheet.pdf

² FirstEnergy Companies' EE/PDR Program Portfolio Status Report to the PUCO for 2014 (May 15, 2015), Docket Nos. 15-0900-EL-EEC, 15-0901-EL-EEC, 15-0902-EL-EEC

³ See for example: https://www.firstenergycorp.com/save_energy/save_energy_ohio.html

⁴ See: Ohio's Energy Efficiency Resource Standard: Impacts on the Ohio Wholesale Electricity Market and Benefits to the State, 2013. Prepared for Ohio Manufacturer's Association by the American Council for an Energy Efficiency Economy

⁵ According to Dayton Power & Light's EE/PDR Program Portfolio Status Report to the PUCO for 2014 (Docket No. 15-777-EL-POR), avoided energy costs ranged from \$35.38/MWh to \$41.53/MWh over a five-year period. These wholesale cost do not include the cost of capacity, transmission or distribution.



The EE Standard supports products and services that have created many direct and indirect jobs throughout Ohio.

Through the hard work of our engineers, our companies have been able to develop and manufacture products that not only deliver the performance and features that people expect, but also do so efficiently. For example a Whirlpool washing machine today uses 77% less energy than it did in 2000. We see great potential for more innovation going forward with new appliances and products that could save consumers billions of dollars in energy costs. However, we rely on policies like the EE Standard to provide the regulatory and market certainty that our companies need to make investment decisions and long-term plans for our workforce.

The positive economic impacts of energy efficiency programs also stretch well beyond the manufacturers and end users of our products. In fact investments in energy efficiency products support local jobs that cannot be outsourced. Our companies rely extensively on a network of local distributors and contractors to deliver, install and maintain our products.

Restoring the EE Standard will create or maintain millions of dollars in annual local investment.

As described above EE Standard programs have increased investment opportunities in Ohio's economy. Over the years our companies have provided products and services that have resulted in hundreds of millions of dollars in total investment activities in communities throughout the state. It is important to recognize that the bulk of these investment dollars come from customers themselves. However, the EE Standard programs play a significant role in building the economic case for these investments. We estimate that restoring the EE Standard would, at a minimum, increase or maintain over \$500 million annually of local investments in energy-saving measures.

We urge the Committee to support legislation that reinstates the EE Standard and to oppose any legislation that extends the freeze of the EE Standard.

Although we opposed SB 310, we think it has provided some valuable lessons for Ohio – namely that the EE Standard provides significant value to Ohio and that this value has been diminished in its absence. The freeze has helped to clarify that the EE Standard remains an excellent policy option for Ohio.

We urge you to oppose any proposals that would dilute the EE Standard and reduce cost savings and benefits to Ohio by expanding the definition of “energy efficiency” to include projects and activities that do not save customers money on their utility bills and for which Ohio’s utilities play no direct role in achieving the savings.

The passage of SB 310 significantly broadened the categories of “energy efficiency” savings for which the Public Utilities Commission of Ohio and utilities in Ohio can count and recognize



towards compliance with the EE Standard. In some cases, utilities can count savings towards compliance for which they played no role in achieving. For example, utilities can now count savings from federal codes and standards that are being implemented regardless of any state level action or utility offered program. In practice, these new counting provisions will increase customer energy bills because they have had the same effect as lowering the overall amount of cost-effective energy efficiency investment achieved in Ohio. To that end, we urge you to oppose any new proposals that would further expand the definition of energy efficiency and would reduce the cost savings and other benefits to Ohio businesses and consumers.

Thank you for the opportunity to offer this testimony.

Whirlpool Corporation
Dow
ABB Inc.
National Electrical Manufacturers Association (NEMA)
Schneider Electric
National Association of Energy Service Companies (NAESCO)
Cree Inc.
Ameresco
Ingersoll Rand