



H.B. 6

Written Proponent Testimony

**By Matt Morris, Manager of Reliability and Energy
North Star BlueScope Steel**

**Before the House Energy & Natural
Resources Committee**

May 15, 2019

Good morning, Chairman Vitale, Vice Chairman Kick, and Ranking Minority Member Denson and members of the House Energy & Natural Resources Committee. My name is Matt Morris and I am the Manager of Reliability and Energy for North Star BlueScope Steel (“North Star”). I am here to testify on behalf of North Star in support of Substitute House Bill 6.

Located in Delta, Ohio, North Star is a high-tech producer of hot rolled steel bands for end use in various industries, including automotive, construction, agriculture, and general manufacturing applications. Established in 1995, the Company now employs 399 highly skilled men and women in Fulton County, Ohio.

North Star’s facility is a critical component of Ohio’s economy. In addition to its annual payroll of \$45.9 million, North Star spent about \$100 million on goods and services in the six-county region including and surrounding Fulton County. North Star contributes to the Fulton County Economic Development Corporation and participates in the Delta Chamber of Commerce. North



Star also makes financial donations to over 75 local organizations, provides volunteers to all major community events, has strong partnerships with area schools, and has partnered with the United Way for over twenty years.

Electricity represents North Star's second or third largest cost input (after raw materials). Consequently, competitive electric rates in Ohio are essential to the Company's success. We believe Substitute House Bill 6 will contribute to North Star's competitiveness.

North Star operates in the service territory of Toledo Edison and currently opts out of that utility's energy efficiency/peak demand reduction ("EE/PDR") programs. Instead, North Star handles its own energy reduction by constantly monitoring our usage and engaging in affirmative efforts to find additional energy savings. For example, in 2016, we installed a variable reactor (at a cost of approximately \$10 million without any utility rebate) to improve the efficiency of power delivery to our electric arc furnace resulting in a kilowatt hour reduction. North Star appreciates Substitute House Bill 6's recognition that large industrial customers are already well-positioned to handle their own energy efficiency and peak demand reduction and that allowing such customers to opt out of costly utility EE/PDR programs improves their ability to compete nationally and internationally.

Additionally, the provisions of Substitute House Bill 6 allowing companies to opt out of paying costs associated with Ohio's renewable portfolio standard ("RPS") will result in net savings for North Star. Under conservative assumptions (and without disclosing North Star's confidential usage and billing information), Substitute House Bill 6 would save North Star over \$15,000 per



month in RPS costs. While North Star would be subject to an additional \$2,500 per month in costs associated with the new clean air program, North Star would still see over \$10,000 in monthly net savings, based upon the current 5.5% RPS mandate. And those RPS mandates are set to more than double by 2026, which means that the potential net savings to North Star resulting from Substitute House Bill 6 are even greater.

Given these potential outcomes, North Star is supportive of Substitute House Bill 6.

I look forward to addressing your questions.