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Senior Manager, Government Affairs & Energy Commodity

House Energy and Natural Resources Committee
Proponent Testimony
May 15, 2019

Thank you, Chairman Vitale, Vice-Chair Kick, Ranking Member Denson and the members of the Energy and Natural Resources Committee for the opportunity to appear before you today as a proponent of several reforms contained in Substitute House Bill 6 (HB 6). My name is Joe Price and I am currently the Senior Manager of Government Affairs & Energy Commodity for TimkenSteel. I also have the honor of serving as the President of the Ohio Energy Group (OEG), which represents large Ohio manufacturers and energy users.

As one of Ohio's largest manufacturers and employers, we applaud Representative Callender, Representative Wilkin, and this Committee for revisiting and what are commonly referred to as Ohio's energy mandates.

TimkenSteel is headquartered in Canton, Ohio, where we have been melting steel for more than 100 years. Despite the increasingly global nature of our business, the bulk of our operations and employees remain in Ohio today. Between our two steel plants and seamless mechanical tube mill in Canton (Stark County), our value-added production plant in Eaton (Preble County), and our scrap operation in Akron (Summit County), TimkenSteel employs 2,700 full-time workers in the state. These are family-sustaining careers for highly-skilled and knowledgeable workers, not just "another job."

In addition to investing in our people, TimkenSteel continues to reinvest in its operations. In the past decade alone, the company has bolstered its ability to compete in a fiercely competitive environment by investing more than \$850 million in state-of-the-art facilities and processes.

TimkenSteel is a very large consumer of electricity – so much so that our Canton operation annually uses the equivalent amount of energy needed to power 125,000 residential homes. Energy is a significant part of our cost structure and, as such, we proactively manage it to the maximum extent possible – both in terms of what we consume as well as through our engagement on state and federal policies and regulations.

TimkenSteel is an *energy-intensive, trade-exposed manufacturer*. *Energy-intensive* is a term to describe the reality that very small changes in the price of energy can have very big impacts. For perspective, a change of only one-tenth of one penny per kilowatt hour results in an impact of one million dollars per year.



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The term *trade-exposed* is in recognition of the realities of today's global marketplace. Since steel can be made anywhere in the world, it can create problems for manufacturers when costs rise in one country but not in another. For example, when policies are enacted that cause electricity price increases in Ohio, there is no corresponding increase in cost for Chinese steelmakers. The result is a competitive disadvantage for TimkenSteel, as our customers will not accept a higher price simply because our costs have increased – no matter how much we wish that they would.

TimkenSteel supports Substitute House Bill 6 because it recognizes these challenges and actively supports Ohio's manufacturers in several ways. First, the bill protects Ohio's manufacturers by establishing a hard cap on the charges created to fund the Clean Energy Program. Next, the bill maintains the energy efficiency / peak demand reduction opt-out, which recognizes the significant historical and ongoing energy efficiency efforts occurring internally at our facilities. Finally, and perhaps most significantly, the legislation would eliminate the requirement that every customer – be it shopping or non-shopping – must purchase a mandated supply of renewable energy. The costs of the renewable mandate are real, are significant, and are rising. By converting the mandate into an optional program, it turns a cost into a savings.

As I mentioned previously, TimkenSteel has been an Ohio manufacturer for over a century. We are dedicated to our workers, our community, and our state. We would like to make it at least another 100 years. Ultimately, the extent to which Ohio's energy policy encourages manufacturing in this state will play a large role in determining that outcome. For these reasons, TimkenSteel supports Substitute House Bill 6.

Thank you for your time and I am happy to answer any of your questions.