



September 18, 2015

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

Representative Kristina Roegner
District 37
House Building
77 S. High St., 11th Floor
Columbus, OH 4321

Dear Co-Chairman Balderson, Co-Chairman Kristina Roegner, and Members of the Energy Mandates Study Committee:

Thank you for your review and consideration of Ohio’s energy policies through your work on the Energy Mandates Study Committee. In anticipation of the Committee’s upcoming report to the Legislature, we would like to provide you with our companies’ perspective on the important issues at stake.

Our companies have a long and successful history of doing business in Ohio. We provide opportunities and solutions for consumers and businesses to save money on their utility bills. Altogether our companies have a dedicated and loyal workforce of approximately 15,000 employees in the state. As major Ohio employers and large energy users, we are very concerned about Ohio’s energy future and the recommendations that the Energy Mandates Study Committee will make.

We strongly support restoring Ohio’s Energy Efficiency Resource Standard (EERS) in 2016 and ending the freeze imposed by SB 310. After a year to reflect on the impacts of SB 310, we believe that an EERS is in the best interest of all Ohio businesses and residents. As part of the legislative report that you complete this fall, we encourage you to recommend that the EERS be reinstated with some specific modifications. Below we provide some more information to support our recommendation.

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 EERS, that promote investments in comprehensive, cost-effective energy-saving programs that lower bills for everyone.

Ohio’s EERS has been a key driver in expanding the benefits of energy efficiency to Ohio residents and businesses.

After the EERS 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 EERS goals have increased, each utility in Ohio has exceeded their statutory requirement. Moreover, the

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



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 EERS 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 EERS 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 EERS programs give us greater ability to make investments in Ohio, rather than in other states or countries.

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

Over the last year, several 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 EERS 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 EERS will help to ensure that investments in cost-effective energy resources are pursued when appropriate and are not suddenly curtailed. A robust, multi-year EERS gives companies like ours confidence that Ohio is committed to keeping energy costs low, through policies that are clear and knowable.

The EERS 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 EERS 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

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.



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 EERS will create or maintain millions of dollars in annual local investment.

As described above EERS 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 EERS programs play a significant role in building the economic case for these investments. We estimate that restoring the EERS would, at a minimum, increase or maintain over \$500 million annually of local investments in energy-saving measures.

We urge the Committee to recommend legislation that reinstates the EERS with specific modifications.

Although we opposed SB 310, we think it has provided some valuable lessons for Ohio – namely that the EERS provides significant value to Ohio and that this value has been diminished in its absence. The freeze has helped to clarify that the EERS, with some targeted changes, remains an excellent policy option for Ohio. Our businesses stand ready to work with you and the Legislature to design a reinstated EERS that is sensible for Ohio’s needs. More specifically, we suggest an EERS that ramps up cumulative energy savings over the next 15 years (see Appendix 1 for more details).

Additionally, updating the EERS provides an opportunity to address the specific concerns of large commercial and industrial customers. We recognize that the value proposition of energy efficiency programs for large customers could be improved in Ohio as it has been improved in other states. Our companies would be eager to discuss this concept further with you.

Thank you for the opportunity to submit these comments. We look forward to continued engagement on this issue.

Sincerely,

Whirlpool Corporation
Johnson Controls
United Technologies
Schneider Electric
Ingersoll Rand



APPENDIX 1

Year	Annual Incremental Energy Savings Guideline (illustrative only)	Cumulative Persisting Savings (required, from 2017-onward)
2016	1.00%	
2017	1.00%	
2018	1.00%	
2019	1.10%	
2020	1.20%	
2021	1.30%	
2022	1.40%	
2023	1.50%	
2024	1.60%	
2025	1.70%	10%
2026	1.80%	
2027	1.90%	
2028	2.00%	
2029	2.00%	
2030	2.00%	20%