

# Ohio Coalition for Combined Heat & Power

February 13, 2014

Mr. Todd Snitchler  
Chairman  
Public Utilities Commission of Ohio  
180 E. Broad Street  
Columbus, OH 43215

PUCO

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RE: *Public Utilities Commission of Ohio Case No. 13-2440-EL-EEC, Jay Plastic Division, Jay Industries, Inc.  
Application for Approval of a Reasonable Arrangement*

Dear Chairman Snitchler -

Since 2011, Ohio Governor John Kasich and the Public Utilities Commission of Ohio (PUCO) have consistently expressed support for cogeneration technologies - both combined heat and power (CHP) and waste energy recovery (WER) - on account that these advanced technologies increase the competitiveness of Ohio manufacturers, reduce emissions, alleviate grid congestion, and take advantage of Ohio's ample natural gas resources. Governor Kasich's and your leadership on cogeneration has not been overlooked by advocates, project developers and potential customers of CHP and WER. In fact, Governor Kasich's energy initiative - Ohio Senate Bill 315 (SB 315) - which created new incentives for CHP and WER, continues to be a signal to regional and national advocates that Ohio is eager to close the gap between our potential and installed capacity of CHP and WER systems.

As participants in the Ohio Coalition for Combined Heat and Power, we greatly appreciate your and Governor Kasich's leadership on CHP and WER, and continue to be eager for the full implementation of the CHP and WER provisions enacted in SB 315. While there remains to be some barriers in the marketplace for CHP and WER project development in Ohio, SB 315 is a great step in the right direction and we've appreciated your continued attention to examining these barriers in a collaborative way through the PUCO's workshop series.

We write to you today to express support for one CHP project in particular that is poised to be the very first project to take advantage of the incentives created by SB 315 - a 1,100 kW<sub>e</sub> CHP system to be installed at Jay Plastics in Mansfield, Ohio. Jay Plastics, a division of Jay Industries, Incorporated has proposed a cash rebate incentive for its planned CHP project (PUCO Case No: 13-2440-EL-EEC), utilizing the policy enacted in SB 315 to allow CHP to qualify as an energy efficiency measure. Jay Plastics proposes a reasonable incentive to be considered and approved through the mercantile self-direct program for energy efficiency.

This proposal for an incentive under SB 315 is worthy of approval by the Commission for several reasons. First, given that this project is the first of its kind proposed under SB 315 policies, this project will help set in motion the intent of Governor Kasich's goal to encourage more CHP development in Ohio. After SB 315 was enacted, and during the PUCO's workshop on April 23rd, 2013 regarding the forthcoming draft rules, it became clear that issues such as calculating energy savings, structuring incentives and ensuring credible measurement and verification are all somewhat complicated, and required some time to fully contemplate. The Jay Plastics project provides a real-world example of a project and proposed incentive for Commission staff that can only positively inform the drafting of SB 315 rules.

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Additionally, approving the proposed incentive for this project will send an important signal to CHP and WER vendors and developers, and potential customers of these technologies, that Ohio continues to be "open for business" to the CHP and WER industry. With its strong manufacturing sector and other large energy users such as colleges and universities, hospitals, data centers, and large commercial enterprises, Ohio offers over 5,600 megawatts of CHP potential that could help us meet our overall energy demand.<sup>1</sup> Many developers, even some of the signatories to this letter, are eager to do business in Ohio and we urge you to approve the Jay Plastics proposal so that additional project proposals can follow suit.

Next, this incentive package is simply a good deal for everyone involved. The proposed incentive is cost-effective for both Jay Plastics and the Ohio Edison Company, who would claim the energy savings towards their compliance with the Energy Efficiency Resource Standard (EERS). At a proposed rate of \$0.01875 per kilowatt hour, Ohio Edison Company would be obtaining qualified energy savings at a much lower rate<sup>2</sup> than the average cost per kilowatt hour for other efficiency programs they deploy.

Finally, the proposed CHP project will help Jay Plastics improve the efficiency of their manufacturing facility and save money on their energy costs while retaining and creating jobs in an economically struggling area of Ohio. Currently, the City of Mansfield is experiencing an unemployment rate higher than both the national and state average.<sup>3</sup> With 403 employees and plans to create at least 31 new jobs in 2014, the installation of the CHP project will only add to Jay Plastics' ability to control their energy costs and expand their Ohio-based business.

Thank you in advance for your consideration. Please do not hesitate to contact any of us if you should have any questions.

Sincerely,

CHP Association  
Midwest Cogeneration Association  
Ohio Environmental Council  
Natural Resources Defense Council  
Environmental Defense Fund  
Policy Matters Ohio

cc: The Honorable John R. Kasich, Governor of Ohio  
The Honorable Keith Faber, Ohio Senate President  
The Honorable William Batchelder, Speaker of the Ohio House of Representatives  
The Honorable Joe Schiavoni, Ohio Senate Minority Leader  
The Honorable Tracy Maxwell Heard, Ohio House Minority Leader  
The Honorable William Seitz, Chairman, Ohio Senate Public Utilities Committee  
The Honorable Peter Stautberg, Chairman, Ohio House Public Utilities Committee  
The Honorable Larry Obhof, Ohio Senate Majority Whip, Ohio Senate District 22  
The Honorable Mark Romanchuk, Ohio House District 2

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<sup>1</sup> This is technical potential. Source: ICF International

<sup>2</sup> Average levelized cost of energy efficiency per kilowatt hour is between \$0.02 and \$0.03, based on *Ohio's Energy Efficiency Resource Standard: Impacts on the Ohio Wholesale Electricity Market and Benefits to the State*, American Council for an Energy Efficient Economy. See: <http://aceee.org/research-report/e138>

<sup>3</sup> The City of Mansfield's unemployment rate is 8.4% (October 2013), Ohio's is 7.5% and the U.S. rate is 7.3%. *October 2013 Civilian Labor Force Estimates*, Ohio Job and Family Services, <http://ohiolmi.com/laus/laus.html>