

FILE

# The Alliance for Industrial Efficiency

13-2440-EL-EEC

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February 13, 2014

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

PUCO

2014 FEB 13 PM 2:03

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Dear Chairman Snitchler:

We are a coalition of business, labor, and non-profit organizations with a strong interest in advancing energy efficiency in the form of combined heat and power (CHP), and waste energy recovery (WER). We support efforts nationwide, yet have a specific interest in Ohio, America's industry and manufacturing powerhouse. Since 2012, with the passage of Ohio Senate Bill 315 and Governor Kasich's continued leadership, Ohio has become a model for those seeking to find ways to advance CHP in the United States. We submit this letter of support to the Commission and ask that it be placed on the docket for PUCO Case No: 13-2440-EL-EEC.

The purpose of this letter is to express support for Jay Plastics, the first CHP project to seek incentives created by Senate Bill 315. Jay Plastics plans to install a 1,100 kilowatt CHP system that will result in substantial energy savings for Jay Industries. The system operates at 71 percent efficiency – and is thus significantly more efficient than the central power generation that it replaces. In light of these benefits, Jay Plastics has proposed a rebate of roughly \$250,000 (representing 24 percent of project costs) through Ohio Edison's mercantile self-direct program. This rebate is based on a cost of \$.01875 per kilowatt hour of estimated savings, which is substantially lower than the average levelized cost per kilowatt hour of other efficiency programs.<sup>1</sup> As such, the proposal represents a “win-win” for both Jay Plastics and Ohio Edison. The Public Utilities Commission of Ohio can help encourage clean-energy investments like this by allowing innovative companies, like Jay Plastics, to receive such incentives to offset their up-front costs. By approving this project and the reasonable incentive Jay Plastics proposes, the Commission can help create a real-world example of how Governor Kasich's proposal will

<sup>1</sup> Max Neubauer, American Council for an Energy-Efficient Economy, April 2013, “Ohio's Energy Efficiency Resource Standard: Impacts on the Ohio Wholesale Electricity Market and Benefits to the State,” at ES-1 and accompanying text (noting that “the levelized cost of these comprehensive [energy efficiency] portfolios averages around \$0.03/kWh”) (<http://www.aceee.org/sites/default/files/publications/researchreports/e138.pdf>).

operate. Approval of this project will send a clear signal to the CHP and WER market that Ohio is "open for business."

While Jay Plastics is merely one application before the Commission, this proposal lays an important foundation for the implementation of SB 315. The proposed incentive will help create a framework for the Commission and its staff as it moves forward to develop and promulgate rules to implement SB 315. Since SB 315 was enacted in June 2012, the CHP and WER development community has been eager to see this legislation carried out and incorporated into electric utilities energy-efficiency portfolio plans. Approving the proposed project and related incentive will lead to increased deployment of CHP and WER projects, which benefit Ohio manufacturers and the economy.

As you know, Ohio shows great potential for technologies like CHP and WER to provide clean sources of energy for manufacturers, commercial entities, hospitals and college campuses. CHP currently produces 522 Megawatts of clean and efficient power in Ohio;<sup>2</sup> however, by some estimates, it could generate ten times that amount.<sup>3</sup> Doing so would boost manufacturing competitiveness, create jobs, reduce emissions, and stabilize energy costs for some of Ohio's most energy-intensive industries. Approving the proposed incentive for Jay Plastics can help unleash this potential.

The Ohio General Assembly has made great strides in advancing energy efficiency in the past, but there is growing uncertainty about the future of Ohio's energy efficiency resource standard (EERS). By supporting the full implementation of SB 315, PUCO can demonstrate that CHP and WER can play a significant part in achieving the state's energy-efficiency goals. Your approval of an incentive for Jay Plastics will help energize the CHP and WER market in Ohio and galvanize Ohio's commitment to support greater deployment of these clean and efficient technologies.

Sincerely,



David Gardiner  
Executive Director  
Alliance for Industrial Efficiency

cc: The Honorable John R. Kasich, Governor of Ohio

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<sup>2</sup> DOE, ICF CHP Installation Database, "Combined Heat and Power Units Located in Ohio" (available online at <http://www.eea-inc.com/chpdata/States/OH.html>).

<sup>3</sup> ICF, WADE, USCHPA, Oct. 2010, "Effect of a 30 Percent Investment Tax Credit on the Economic Market Potential for Combined Heat and Power," at 11-12 (Tables 3 & 4) (reporting 5,615 of remaining technical potential).

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