

Countering the attack on Ohio's efficiency standard

The facts are on the side of efficiency

Amanda K. Woodrum

FirstEnergy, based in Akron, has ten electric utility operating companies that make up the nation's largest investor-owned electric system, serving six million customers. Recently, the company has argued for the elimination or significant reduction of Ohio's energy efficiency standard for investor-owned electric utilities. Policy Matters Ohio believes the standard is an essential piece of the development of a stronger, greener future for Ohio.

Fossil fuels remain a scarce resource

FirstEnergy claims that cheap natural gas from fracking means that the reason we enacted the standard – concern about rising electric prices – no longer applies.

In fact, fossil fuels are still scarce – fracking brings in some new supplies, but remains limited by nature. In time, supply and demand economics will catch up and natural gas prices will rise.

Everyone benefits from efficiency investments

FirstEnergy claims that residents who pay for the efficiency standard don't necessarily get to take advantage of it. But Ohio's efficiency standard:

- Reduces the demand for energy and relieves pressure on electric prices to rise;
- Creates jobs retrofitting residential, commercial, and industrial facilities, and promotes upgrades to our outdated grid. That's a boon to our economy, and the resulting jobs are local and provide decent wages;
- Saves consumers money;
- Boosts savings in the commercial and industrial sectors, which makes Ohio business more energy productive and manufacturing more competitive globally.

In short, everyone benefits from the investment in energy efficiency that will result from Ohio's efficiency standard. Inefficiencies in the way we generate and use electricity are a waste of money and scarce resources.

Poor Ohioans could benefit the most

FirstEnergy claims that poor consumers can't afford the extra cost brought on by implementing the efficiency standard.

The fact is that poor Ohioans tend to live in the most inefficient homes and get large energy bills they cannot afford to pay. As a result, they often seek public energy subsidies to help pay their winter heating bills and keep their heat on. Ohio's energy subsidies add up to nearly a quarter of a billion dollars every year. Increased low-income weatherization is a better long-term solution for ending the cycle of energy poverty, and the energy efficiency standard is a mechanism to make sure it happens. Of course, we'll continue to support programs that help low-income families pay their energy bills while we push to retrofit their homes.

Ohio's electric utilities must become more efficient

FirstEnergy claims that the standard as written is unattainable and not economical.

The fact is that Ohio's electric utilities are heinously inefficient – nearly 70 percent of energy is lost during generation and transmission (for every three lumps of coal, you only get one out). Economically speaking, that results in a waste of nearly \$20 billion in energy resources every year, which consumers pay for in their retail rates. And that doesn't even account for energy inefficiencies in our homes and businesses. Earlier this year, the Ohio legislature passed a law allowing adoption of combined heat and power to qualify as energy efficiency under the efficiency standard, a much more efficient way to generate electricity. Ohio's combined heat and power potential is over nine gigawatts, roughly 25 percent of the existing electric power capacity – more than enough to meet the energy efficiency standard itself, even before assessing efficiency potential in residential and commercial sectors, and low-income weatherization.

Investment in energy efficiency creates jobs

FirstEnergy claims that energy saved reduces the need for one coal power plant or 4 natural gas plants, and that means jobs lost.

The fact is that investments in combined heat and power create four jobs for every \$1 million spent, and every \$1 million invested to upgrade our homes and businesses creates 17 jobs. Taken together, these approaches to energy efficiency create far more jobs than jobs retained if the standard were to be eliminated. Furthermore, existing workers can transition to combined heat and power work; with a slight upgrade to their skill set, no workers need be laid off and more skilled workers will be required.