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Consumers' Cost of Ohio's Electricity Usage Reduction Mandate Far Exceeds Possible Benefits, According to New Study

*Study supports call for reforms by hundreds of Ohio's leading
employers, business groups and labor*

COLUMBUS, Ohio, February 18, 2014 –Ohio businesses and business organizations, newly organized as Ohioans for Sustainable Jobs, are renewing their request for reforms to Ohio's costly mandate that forces lower electricity usage. Today, they released the results of a new independent study finding that the electric bill increases caused by the mandate are at least five to ten times greater than any possible benefits that might be available to Ohio consumers.

The study, prepared by noted economist and author Jonathan A. Lesser, PhD, demonstrates how costly the electricity usage reduction mandate has become for Ohio's electric customers. Despite nearly a billion dollars charged solely to Ohioans, the study found that about 80 percent of any of the claimed benefits are going to customers outside of Ohio. The analysis performed by Dr. Lesser identifies fundamental defects in prior studies claiming that the electricity usage reduction mandate is beneficial to Ohio electric consumers. A copy of the report is available here: <http://www.ieu-ohio.org/education.aspx>.

In light of these concerns, Ohioans for Sustainable Jobs is calling on the state's elected leaders to revisit a pre-recession energy law that requires the state's major electric utilities to reduce customers' electric use every year, culminating in a 22 percent overall

reduction by 2025. Coalition members include the Ohio Chamber of Commerce, the National Federation of Independent Business/Ohio, Greater Cleveland Partnership, Ohio Steel Council, Ohio Council of Retail Merchants, Youngstown/Warren Regional Chamber, the Ohio Energy Group, and Industrial Energy Users-Ohio. These leading business organizations actively represent thousands of businesses employing millions of Ohioans.

“The current law places a high burden on Ohio’s businesses, including the utilities,” explained Charlotte Hickcox, Director, Energy & Environment for the Ohio Chamber. “Ohio’s businesses – large and small – are collectively paying hundreds of millions of dollars annually for the electricity usage reduction mandate as a result of the unintended consequences of legislation passed in 2008. As the size of the usage reduction mandate increases in the coming years, the burden on Ohio’s electric consumers and its economy will become more significant and more difficult to remedy. Accordingly, there is a sense of urgency associated with the needed reforms.”

“The new study further demonstrates that the cost of complying with this law is climbing at a very alarming rate, and that’s bad news especially for Ohio’s small businesses which are already struggling with high energy costs,” said Chris Ferruso, Ohio Legislative Director, NFIB/Ohio. “Even when Dr. Lesser’s study used the most favorable assumptions about the mandate’s impact on electric prices, the study still found that the costs far exceed the benefits. Clearly, forcing customers to pay costs that are five to ten times higher than any benefit is no bargain for any Ohioan.”

By the end of this year, Ohio’s electric distribution utilities (EDUs) will have charged customers over \$1 billion for energy efficiency programs since the law passed in 2008. Because the legislation requires the EDUs to force consumers to reduce electricity usage even more in the years ahead – with fewer options available to achieve these reductions – compliance costs will certainly continue to climb. Since 2011, the annual budgeted level of funding required to comply with the electricity usage reduction mandate has grown at an average rate of 12% per year. If that rate of growth

continues, by 2020, the residential, commercial and industrial customers of Ohio's EDUs will be paying over \$500 million per year because of the electricity usage reduction mandate.

Dr. Lesser says in his study, "As my report makes clear, Ohio consumers and businesses are suffering economic harm *because* of the mandate. The mandate places Ohio businesses at a competitive disadvantage relative to out-of-state competitors, which will harm the Ohio economy, leading to less economic growth and lost jobs."

To help Ohio's electric consumers reveal how much Ohio's mandates are increasing their electric bills, the Coalition is also launching today a new tool that is accessible through the Internet. Kevin Murray, Executive Director of the Industrial Energy Users-Ohio, said "The mandate tax calculator provides Ohioans with a convenient way to reveal how much more they are paying for electricity each month as a result of the Ohio mandates. This tool provides the transparency that is presently missing and fills a gap until a more permanent transparency method can be put in place through legislative reform". The mandate tax calculator can be accessed here: <http://ieu-ohio.org/mandate-cost-calculator.aspx>

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