February 15, 2013

Senator William J. Seitz, Chair
Ohio Senate Public Utilities Committee
Senate Building
1 Capitol Square, 1st Floor
Columbus, OH 43215

Re: Energy Efficiency Resource Standard and Renewable Portfolio Standard Topics for Discussion

Dear Senator Seitz,

The Heat is Power Association is pleased to respond to your memo of February 1, 2013 requesting input from public utilities interested parties on a series of topics related to your planned review of the energy efficiency and renewable portfolio standard provisions of SB 221 and SB 315. The Heat is Power Association is the trade association for the Waste Heat to Power industry. Our members include Echogen Power Systems of Akron, General Electric, Pratt & Whitney Power Systems and a number of other technology developers and manufacturers, project developers, component suppliers, and industrial end users active in Ohio and the Midwest region.

We were very pleased last year when SB 315 identified Waste Energy Recovery (WER) projects as either renewable energy generation under Ohio’s Renewable Portfolio Standard (RPS) or energy efficiency projects under Ohio’s Energy Efficiency Resource Standard (EERS). By recognizing that waste heat to power produces electricity with the environmental attributes equivalent to renewable resources and also allows facilities that produce industrial waste heat to improve their overall energy efficiency, Ohio established itself as a leader in industrial efficiency policy and a leading state for investment by our industry.

In fact, Ohio’s leadership was on display just last week at the National Association of Regulatory Utility Commissioners Winter Meeting where a Resolution Supporting the Inclusion of Waste Heat to Power Technologies in State and Federal Clean Energy Policies and Programs (please see Attachment A) was adopted, in part, as a result of a presentation by former Ohio Public Utilities Commissioner Cheryl Roberto. The RPS and EERS as written position Ohio to attract capital for WER project investment. These types of projects and the associated

The Heat is Power Association is the trade association of the Waste Heat to Power (WHP) industry. The not-for-profit organization is committed to educating decision makers and the public about the characteristics of waste heat to power as a source for emission-free electricity and an economic driver for global competitiveness. The Heat is Power Association promotes the efficient, industrial use of emission-free electricity generated through WHP processes. To learn more, visit www.heatispower.org.
revenues they generate should provide incentive for the most energy intensive industries to look at innovative strategies to reduce their energy use, improve their competitive position and create jobs in Ohio.

However, as issuance of the final regulations drags on slowly, momentum and enthusiasm from potential investors wanes as well. Further, discussions related to potential additional changes to the provisions just finalized in SB 315 with regards to WER have made many developers and industrial waste heat owners cautious.

You listed a number of sub-issues in your memo and we have specific thoughts on several of them as follows:

- We urge you and your colleagues to continue to support and expand the targets for renewable energy and energy efficiency in Ohio.
- We urge you to affirm that WER and other forms of emission-free power generation continue to be treated as renewable energy resources.
- We believe that all forms of distributed generation continue to face challenges with regard to interconnection barriers and that diligence on the part of the legislature and the Utilities Commission to ensure the utility distribution and transmission system is managed in a manner that is safe and fair to all participants while ensuring a streamlined and transparent interconnection process should be a priority.
- We believe that industrial energy efficiency can be improved when utilities, industrials, regulators and third party service providers are working together in a framework that establishes clear goals and targets, clearly establishes what financial incentives are available for those efficiency projects, and provides certainty that the utilities will be able to provide the funds once those projects are implemented.
- We do not support freezing annual targets for energy efficiency as we believe it is the most cost effective way to deal with new capacity requirements as well as reduce the need for the most inefficient generating resources.
- We believe that allowing distributed generation resources to take advantage of master limited partnership structures can enhance the attractiveness of distributed generation investments.
- We believe that there should continue to be separate categories for EERS and RPS resources.
- While we strongly urge the Committee to leave the current EERS/RPS benchmarks as they are today, if a decision to alter them were to be made, all existing contracts must be upheld.
We thank you again for the opportunity to provide input and stand ready to provide additional detail regarding any of these points if and when there are additional opportunities to do so. We look forward to helping Ohio grow in jobs, efficiency, revenue and reputation as a result of being out in front in industrial efficiency and renewable energy.

Sincerely,

Kelsey Southerland
Executive Director
The Heat is Power Association
Kelsey@heatispower.org

cc:
Members of the Ohio Senate Public Utilities Committee
The Honorable William G. Batchelder, Speaker, Ohio House of Representatives
The Honorable Armond Budish, Minority Leader, Ohio House of Representatives
The Honorable Keith Faber, President of the Ohio Senate
The Honorable John R. Kasich, Governor of Ohio
The Honorable Eric Kearney, Ohio Senate Minority Leader
The Honorable Peter Stautberg, Chairman, Ohio House Public Utilities Committee
Attachment A
NARUC Resolution Supporting Waste Heat to Power

ERE-1 Resolution Supporting the Inclusion of Waste-Heat-to-Power Technologies in State and Federal Clean Energy Policies and Programs

Sponsored by the Committee on Energy Resources & the Environment
Adopted by the NARUC Board of Directors February 6, 2013

WHEREAS, Waste-Heat-to-Power is the process of capturing heat discarded by an existing energy conversion process and using that heat to generate power; and

WHEREAS, Waste-Heat-to-Power generates power with no new fuel and without combustion or related emissions; and

WHEREAS, Energy-intensive industrial processes – such as those occurring at refineries, steel mills, glass furnaces, pipeline pump and compressor stations, and cement kilns – all release hot exhaust gases and waste streams that can be harnessed with well-established technologies to generate electricity; and

WHEREAS, Opportunities exist for cost-effective applications of Waste-Heat-to-Power technologies in commercial and institutional energy systems; and

WHEREAS, The recovery of industrial waste heat for power is a largely untapped type of Combined Heat and Power (CHP), which is the use of a single fuel source to generate both thermal energy (heating or cooling) and electricity; and

WHEREAS, Waste-Heat-to-Power is a form of distributed generation that provides environmental and economic benefits; and

WHEREAS, Waste-Heat-to-Power is similar to CHP in that it can help industrial energy consumers to use most efficiently fuels consumed onsite to deliver energy; and

WHEREAS, On August 30, 2012, President Obama signed an Executive Order to accelerate investments in industrial energy efficiency, calling for 40 GW of new Energy Efficiency and CHP by 2020, including Waste Heat to Power; and

WHEREAS, In support of the Executive Order, the Department of Energy (DOE) and Environmental Protection Agency (EPA) released a new report: Combined-Heat-and-Power: a Clean Energy Solution that provides a foundation for national discussions on effective ways to achieve 40 GW of new, cost-effective CHP, including Waste-Heat-to-Power, by 2020; and
WHEREAS, Accelerating investment in industrial energy efficiency in an efficient and cost-effective manner benefits manufacturers, utilities, and consumers and can improve American manufacturing competitiveness and create jobs while improving the nation’s energy system and reducing harmful emissions; and

WHEREAS, Waste-Heat-to-Power has been omitted from some clean energy policies, including the federal investment tax credit, many State renewable and clean energy portfolio standards, energy efficiency resource standards, and various utility rebate programs and investments; and

WHEREAS, Fourteen States have recognized Waste-Heat-to-Power technology for inclusion in their State renewable and clean energy portfolio standards and/or energy efficiency resource standards; now, therefore be it

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners convened at its 2013 Winter Committee Meetings in Washington, D.C., is committed to working with the Waste-Heat-to-Power, Combined-Heat-and-Power, utilities and the broader energy efficiency community to help ensure that Waste-Heat-to-Power technologies are included in discussions on energy efficiency, distributed generation and clean energy technologies and are considered in the development of policies to allow for the more rapid adoption of waste heat-to-energy technologies, including explicit eligibility of Waste-Heat-To-Power in State energy efficiency resource standards and for consideration in State renewable and clean energy portfolio standards.

Sponsored by the Committee on Energy Resources & the Environment
Adopted by the NARUC Board of Directors February 6, 2013