



FOR IMMEDIATE RELEASE—February 24, 2014

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OPEN LETTER TO GOV. MIKE PENCE: STOP THE ASSAULT ON HOOSIER CONSUMERS AND JOBS, OPPOSE SB340

The Honorable Mike Pence, Governor of the State of Indiana:

Senate Bill 340 (Demand Side Management Programs) is working its way through the State's legislative process, currently on second reading in the House of Representatives. The bill in its current form promises to eviscerate energy efficiency in Indiana, lead to the loss of hundreds of Hoosier jobs, stifle additional and significant private sector investment in our communities, and cause unnecessary and potentially significant increases to the already escalating utility bills of Hoosier businesses, consumers and taxpayers.

Representing over 40,000 residential ratepayers in our great State, Citizens Action Coalition of Indiana respectfully requests that you protect Hoosier ratepayers and jobs by opposing SB340 and taking a strong position against this harmful piece of public policy. Please urge the General Assembly to slow down and consider the harmful effects of rushing this bill through a short legislative session. Instead, lawmakers should look into the costs *and benefits* of these programs through an in-depth summer study committee which should include all interested parties.

The current energy efficiency/DSM programs are working. Launched in January 2012, these programs are in their infancy. With just one year of verified data available, the programs are already having a positive impact on Hoosier ratepayers. The State Utility Forecasting Group (SUFG) projected significant reductions in future load growth versus what had previously been forecasted, citing investments in energy efficiency as the primary driver causing this decline. This reduction in demand will save Hoosier ratepayers billions of dollars by avoiding the future costs of expensive new generation facilities.

By allowing Big Business to “opt-out” of participating in Indiana’s successful energy efficiency/DSM programs and to not pay into the fixed costs of those programs, SB340 will unfairly discriminate against other classes of ratepayers, causing the electric bills of everyday, hard-working Hoosiers and small businesses to increase. Energy efficiency is a “resource” for the utility system—just like a power plant. No customer or group of customers would be able to refuse to pay for a new power plant. Instead, all customers must pay. Similarly, all customers should pay for the energy efficiency resource.

And, because industrial customers consume almost half of all energy used in Indiana,¹ excluding them from the program would mean that an enormous amount of very cost-effective energy efficiency resources would not be realized...and much more expensive supply resources would have to be purchased for the utility system. At 2 to 4 cents per kWh, energy efficiency is about one-third the cost of electricity from a new power plant (i.e., 8 to 12 cents per kWh), and industrial energy efficiency is the cheapest energy efficiency of them all.² Taking that resource off the table goes against Indiana’s law mandating public utilities to provide their customers with the lowest cost resource that is reasonably possible. Energy efficiency is the quickest path to reducing energy costs and the cheapest kWh of electricity we can generate. It is counterintuitive to work towards reducing electric rates by eliminating energy efficiency. SB340 will achieve the exact opposite of its stated goal.

¹ <http://apps1.eere.energy.gov/states/consumption.cfm/state=IN>;
<http://www.citact.org/sites/default/files/Indiana%20MEEA%20SB340%20Handout--2-18-14.pdf>

² <http://www.aceee.org/research-report/u092>;
<http://www.aceee.org/sector/state-policy/toolkit/industrial-self-direct>



On the campaign trail in August of 2012, you announced a new energy policy in which part of the stated intent was to “to maintain low-cost energy and improve environmental health for Hoosiers.”³ Under your direction, the Office of Energy Development is now creating that new energy plan for our State in which you tasked them with pursuing an “all of the above’ energy mix.”⁴

If SB340 becomes law, Indiana will not maintain low-cost energy, because the cheapest energy resource would become unavailable to serve the needs of captive Indiana ratepayers and the overall cost of the energy efficiency resource will be much higher than necessary.

If SB340 becomes law, the environmental health of Hoosiers will not be improved, because electricity demand will unnecessarily increase, leading to more expensive power plants and more emissions from fossil-fuel generation facilities – dirtying the air we breathe, the water we drink, and the soil in which we cultivate our crops.

If SB340 becomes law, any new State energy plan would not include an “all of the above’ energy mix”—instead, the least cost resource we have will be off the table.

If your administration also intends to increase private sector investments and jobs in Indiana, do not remain silent on SB340 as it will kill hundreds, if not thousands, of current and future jobs in our State. Here are just some of the companies currently investing in our State as a result of Indiana’s energy efficiency/DSM programs and providing high-quality jobs to Hoosiers: Honeywell, Lockheed Martin, Navigant, Good Cents, CLEARresult, Franklin Energy, Wisconsin Energy Conservation Cooperation, JACO, and Ecova.

We appreciate the claimed intent of the legislation—electric bills are becoming unaffordable in Indiana, and all ratepayers need relief. However, energy efficiency/DSM is not the problem; it’s the solution. The sooner we embrace energy efficiency as the preferred resource for our State, the sooner Indiana will realize the substantial economic and environmental gains that energy efficiency can deliver.

Lastly, CAC was invited by your administration to participate in the stakeholder collaborative process and assist in crafting the new State energy plan. We accepted this honor and sincerely appreciate the inclusive approach your administration has taken. We have found that we have worked with in your administration to be knowledgeable, sincere, and thorough. We are hopeful that this constructive and thoughtful approach your administration has taken to date also includes a discussion with the members of the Indiana General Assembly and ultimately weighing in on SB340.

SB340 is contrary to your stated campaign and gubernatorial objectives. Please protect Hoosier ratepayers and jobs by standing by your campaign promises and taking a strong position against SB340.

Respectfully,

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³ <http://www.mikepence.com//on-the-trail/2012-08-28/mikes-plans-maintain-low-cost-energy-improve-environmental-health-indiana>

⁴ <http://www.mikepence.com/issues-energy-environment>