



# OHIO ENERGY POLICY

## Midwestern Governor's Association Increasing Midwestern Energy Production and Achieving Low Cost Energy

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Craig Butler, Asst. Policy Director

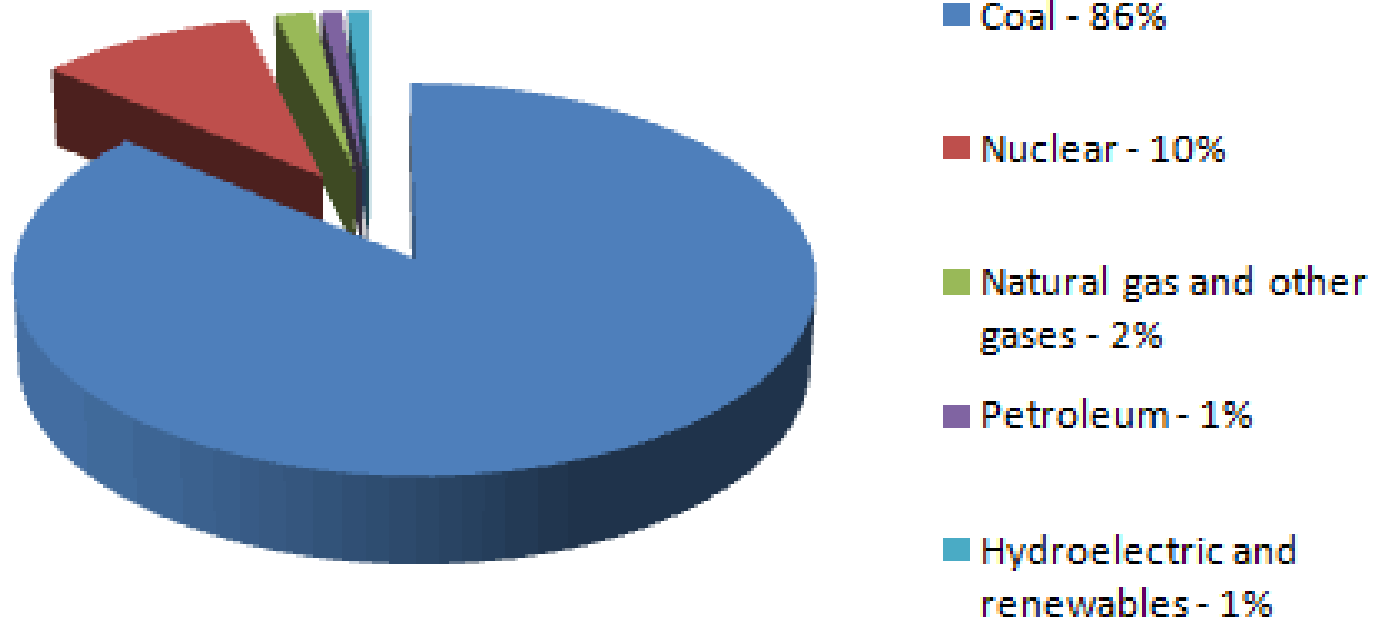


# OHIO ENERGY POLICY

- Overview of Ohio's energy portfolio and diverse energy resources
- Why is Ohio leading on Energy Policy
- Developing the Ohio Energy Strategy
- Progress Report
- Work Left To Do

# OHIO ENERGY RESOURCES

## Ohio Electric Generation by Fuel Source



# WHY IS OHIO LEADING ON ENERGY

- Ohio is blessed with abundant and diverse natural resources.
- Energy (low cost and abundant energy supply) Equals Jobs.
- Failure to develop a nation-wide, rational, comprehensive energy strategy.
- Increased federal regulatory pressure on coal and coal burning industries.

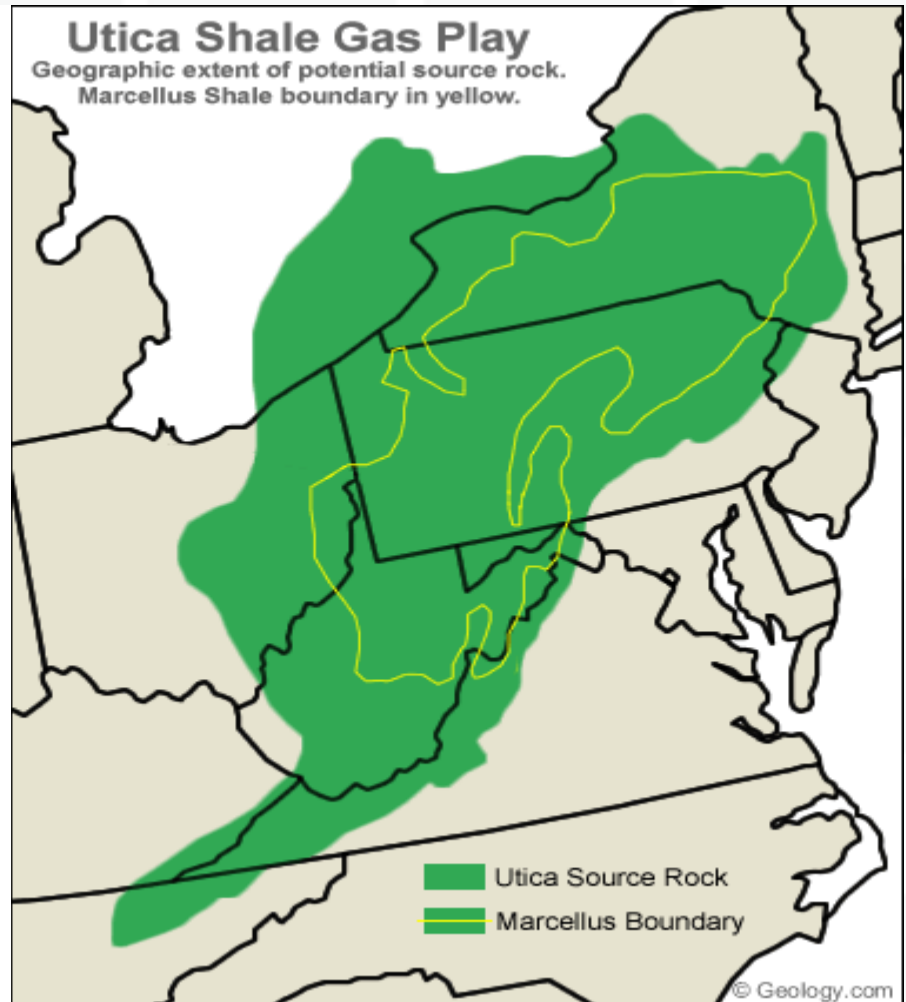
# DEVELOPING OHIO'S 21<sup>ST</sup> CENTURY ENERGY POLICY

- Governor Kasich convened a stakeholder meeting in April 2011 that included top energy executives, environmental groups, business executives, cabinet directors and Governor's Office senior staff to discuss the development of an Ohio Energy Summit.
- In September 2011, the Ohio Governor's 21<sup>st</sup> Century Energy & Economic Summit was held in Columbus. The Summit served as a first step in developing a series of policy recommendations that would begin transforming Ohio's energy economy.
- Built partnerships between government, industry leaders, educators and environmental advocates to use new technologies and apply appropriate regulatory oversight to ensure public safety so Ohio can lead the nation with a complete energy policy while maintaining its position as a steward for the environment.

# 10 PILLARS OF OHIO'S ENERGY POLICY

1. Shale
2. Generation
3. Electricity Transmission and Distribution
4. Cogeneration / Waste Heat Recovery
5. Workforce Training
6. CNG/Alternative Fuels
7. Energy Efficiency
8. Coal
9. Regulatory Reform
10. Renewables

# OHIO'S SHALE PLAY



# PILLAR 1: SHALE

## Industry Growth in Ohio

### Exploration and Production

- Permits Issued and Acreage Leased in the Utica Shale
  - September 2011: 41 permits issued, 11 wells drilled, 1 producing well
  - May 2012: 232 permits issued, 70 wells drilled, 10 producing wells
  - Acreage Leased to Date: 3.5M acres leased; estimated \$3B+ paid to property owners
- Major Companies: BP, Chesapeake, Anadarko, Exxon, Chevron, Hess/Consol, Devon

### Midstream

- **MarkWest** commitment to build a natural gas processing facility and a fractionation facility (Harrison & Monroe Co.)
- **El Paso** commitment to build a natural gas processing facility.
- **NiSource** commitment to build a natural gas processing facility.

### Downstream

- Chemicals and polymer products, electric generation, agribusiness opportunities

### Industry Services

- V&M Star expanding pipe threading operation (Mahoning Co.)
- Baker Hughes establishing base to service Utica shale wells in OH, PA and WV (Stark Co.)
- Exterran building new facility supplying natural gas production equipment (Mahoning Co.)
- Select Energy Services (Carroll Co.)
- Halliburton (Muskingum Co.)
- Existing Ohio companies strong in shale: Ariel, Gorman Rupp, Miller Supply, Timken, US Steel



# PILLAR 1: SHALE

## Team Effort to Balance Job Creation & Public Safety

### Modernizing Regulations

- **ODNR**

- Well construction standards
- Mandatory chemical disclosure
- Underground injection program
- Work with PUCO to ensure pipeline safety

- **EPA**

- Encouraging wastewater treatment and recycling technologies
- Issuance of general permits

- **Commerce**

- Consolidating and streamlining permitting

- **Taxation**

- Ad Valorem pre-payment to provide money to local governments to manage industry impacts

- **ODOT**

- Local impacts/road use agreements

# **PILLAR 2: GENERATION**

## **Ensuring Ohio's Generation Capacity & Investing in New Technologies**

- **Review and Pilot New Generation and Efficiency Technologies**
  - Smart Grid and Smart Metering
- **Expand Customer Choice for Renewables**
- **Advocate for Reforms to Expand the Reliability Pricing Model**

# **PILLAR 3: ELECTRICITY TRANSMISSION & DISTRIBUTION**

## **Meeting Needs of Industry and Consumers**

- **Ensure Transmission and Distribution are adequate for Growing Shale Industry**
- **Identify interconnection challenges to renewable energy projects**

# **PILLAR 4: COGENERATION/WASTE HEAT**

## **Capturing Waste Heat to Make Green Energy**

- **Allow Waste Energy Recovery projects to Qualify as a Renewable Energy Source**
- **Allow Ohio Electric Utilities to Use Cogen to Meet Alternative Efficiency Standards**
- **Revamp Energy Loan Fund**
- **Require State to Review Cogen as Part of New Construction and Major Renovations**

# **PILLAR 5: WORKFORCE DEVELOPMENT**

## **Aligning Industry Needs with Worker Training**

- **Investing in Shale and Energy Industry Training**
  - Zane State: \$6M Capital Budget to construct new training space
  - Stark State: \$10M Capital Budget to construct indoor drill training rig
  - Nabors Drilling: State assisting with site selection to build oil and gas training rig
- **Create a Statewide Website Linking Ohio Companies with a Trained Workforce**
- **Work with Companies to Develop Training Credentials to Ensure Skills Match Demand**
- **Link Veterans and Minorities With Jobs Specific to Oil and Gas Industry**

# **PILLAR 6: CNG/ALTERNATIVE FUELS**

## **Promoting the Use of Natural Gas**

- **Sign Agreement with Other States to:**
  - Develop regional CNG refueling infrastructure
  - Promote usage of CNG vehicles in Ohio
- **Assess Converting All or Part of State Fleet to CNG**
- **Develop Flexible Revolving Loan Fund for Alternative Fuels**
  - CNG, Biodiesel and Ethanol

# **PILLAR 7: ENERGY EFFICIENCY**

## **Promoting Efficiency to Save Resources**

- **Improve State Building Efficiency and Finance Through Air Quality Development Authority**
- **Identify New Efficiency Technologies and Programs Available to Ohio**
- **Determine Standards for State Fleet Vehicle Replacement to Increase Efficiency**
- **Review Utility Green Pricing Programs and Expand Customer Choice**

# PILLAR 8: COAL

## New Opportunities for a Critical Resource

- **Coal Research**
  - \$30M for coal research projects focused on carbon capture, sequestration, enhanced oil recovery, and new technologies
- **Permit Streamlining**
  - Streamlining and simplifying permit process
- **Exempt Coal Combustion Waste From Additional Fees and Encourage Solid Waste Landfill Management**



# **PILLAR 9: REGULATORY REFORM**

## **Streamline & Expedite Environmental Permits**

- **Develop and Issue “General Permits” for Business to Minimize Lengthy Permit Review**

# **PILLAR 10: RENEWABLES**

## **Promoting Renewables for a Balanced Portfolio**

- **Retained Renewable and Advanced Energy Technology Requirements in SB 221**
- **Develop Flexible Revolving Loan Fund for Alternative Fuels**
  - CNG, Biodiesel and Ethanol
- **Revamp Energy Loan Fund to Help Finance Energy Efficiency and Renewable Energy Projects**
- **Identify and Address Interconnection Challenges to Renewable Energy Projects**
- **Review Utility Green Pricing Programs and Expand Customer Choice**
  - Enhance current programs and provide new options to consumers for green energy
- **Encourage Longer Term Contracts**

# **OHIO'S ENERGY POLICY**

## **The Bottom Line**

- **The road to economic health and job creation is based on lowering taxes and having less regulation. Also critical is developing a policy aimed at having low-cost, abundant, and diverse energy supplies.**
- **We Are On Our Way to Transforming Ohio's Energy Economy**
  - **Passed Senate Bill 315**
  - **Passed House Bill 487**
- **Work Left To Do**
  - **Significant Rule Development and Program Re-Development**
  - **Shale Severance Tax and Funding to Assist Local Governments with Shale Development Impacts**



# OHIO ENERGY POLICY

## Youngstown Sustainable Energy Forum

June 4, 2012

Craig Butler, Asst. Policy Director—Environment, Energy &  
Agriculture, Governor's Office

