

May 10, 2012

The Honorable Shannon Jones  
Chair, Senate Energy & Public Utilities Committee  
Senate Building  
1 Capitol Square, 2nd Floor  
Columbus, OH 43215

**RE: S.B. 315 – Ohio Steel Industry Supports Expansive Co-Gen and Pipe Monitoring**

Dear Chairwoman Jones:

As the Senate continues work on S.B. 315, I write on behalf of Ohio's steel manufacturers. Overall, members of the Ohio Steel Council (OSC) are pleased to support the spirit of the legislation. Energy is among the top opportunities and threats to Ohio steelmakers. To that end we offer comments to improve the legislation's impact on steel.

Co-generation and waste energy recovery are real opportunities for energy intensive manufacturers. Steelmaking is an energy-intensive process that requires reliable and economically competitive energy supplies. Although the domestic steel industry has reduced its energy intensity by 30% over the past two decades, energy still constitutes up to 15% of the cost of steelmaking. Hence, all energy costs (principally for natural gas and electricity) have a huge impact on competitiveness in regional, national and global markets.

S.B. 289 was enacted earlier this year to include waste gas powered generation as renewable energy. That legislation was narrowly tailored in order to win timely legislative approval. Collectively and individually, other steel manufacturers urged for broader eligibility as a matter of fairness. The Ohio Steel Council commends Governor Kasich and the Senate for crafting S.B. 315 (As Introduced) to provide for expansive utilization among energy intensive manufacturers, and attaining parity among similarly situated industrial consumers.

To that end, OSC members have recently reviewed an amendment that would limit utilization by industry. We oppose this amendment and other amendments that would deny renewable energy credit to other steelmaking operations that choose to make capital investments in combined heat and power systems other than waste energy recovery. The proposed amendment is also problematic for rolling back inclusion of energy efficiency or renewable projects up to three years old and includes only new projects under renewable and energy efficiency mandates. As you may be aware, over \$1 billion in new steel capital spending is currently underway in Ohio.

A second issue of great interest to Ohio's steelmakers is the steel pipe monitoring program to promote safety and Ohio manufacturing jobs. Senators Balderson and Manning are advancing this amendment to provide for a record keeping system of the country of origin for manufactured tubular steel products used in the exploration, gathering and transportation of natural gas or hazardous liquids.

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Keeping such a record of the infrastructure materials used in the development of the Marcellus and Utica shale would provide Ohioans a better sense of safety knowing where the products are manufactured and that they are meeting the appropriate safety certifications and specifications under Ohio and federal law.

The Amendment is in part in response to foreign pipe products illegally dumped in the United States from various points of origin and which do not meet appropriate safety standards. The Amendment will not create additional costs and could encourage the use of domestically made tubular steel products – much of which is manufactured here in the State of Ohio.

Thank you for your interest in our perspectives.

Sincerely,



Sal Miraglia  
President – Steel Business  
The Timken Company  
President/Chairman of the Board, Ohio Steel Council

Cc: Hon. Tom Niehaus, Senate President  
Todd Snitchler, PUCO Chairman  
Matt Carle, Governor's Office  
Jimmy Sheppard, Governor's Office  
Craig Butler, Governor's Office

**About the Ohio Steel Council** Comprised of steel producers, processors and suppliers, the Ohio Steel Council serves as the voice of the steel industry in Ohio. By promoting the benefits of a healthy steel sector, the Council strives to educate key constituents about the industry's overall importance and significant economic impact. A participant in the legislative process, the Ohio Steel Council provides insight on policy issues, including their potential effects on Ohio's steel industry and the state's economy. Additional information about the Ohio Steel Council is available at [www.ohiosteelcouncil.org](http://www.ohiosteelcouncil.org).

Ohio Steel Council Members: AK Steel Corporation, AMG Vanadium, ArcelorMittal, Charter Steel, Cliffs Natural Resources, Inc., Eramet Marietta, Inc., Nucor Steel Marion, Inc., Republic Steel, Stein, Inc., The Timken Company, Tata Steel, Tube City IMS, US Steel Corporation, V&M Star, Wheeling & Lake Erie Railway