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REPORT: STATES CAN ACHIEVE NEARLY ONE-THIRD OF CLEAN POWER PLAN REDUCTIONS WITH INDUSTRIAL ENERGY EFFICIENCY

Manufacturing hubs in the Southeast and Midwest could experience biggest gains from more efficient industrial operations

ARLINGTON—Today, the Alliance for Industrial Efficiency (AIE) released a report ranking U.S. states by their ability to slash carbon emissions through industrial energy efficiency. As the industrial sector uses more energy than any other sector of the U.S. economy—approximately one-third of U.S. electricity use—reductions in energy use by the sector could profoundly reshape energy demand and cut air pollution nationwide.

The report offers helpful guidance for states looking to reduce emissions to comply with the Obama administration's Clean Power Plan or with utility planning. It also provides an opportunity for manufacturing, mining, construction, and agricultural industries to realize dramatic savings through investments in industrial energy efficiency and combined heat and power (CHP) and waste heat to power (WHP) technologies—the practice of powering and heating industrial facilities with otherwise-wasted resources and energy.

"This report demonstrates that we can cut carbon while saving money," said Jennifer Kefer, Executive Director, Alliance for Industrial Efficiency. "With this analysis, we have exposed the myth that clean energy and manufacturing competitiveness are in conflict. To the contrary, by investing in industrial efficiency, we can reduce emissions while simultaneously slashing utility bills, creating jobs, and strengthening our industrial sector."

National Findings

The top ten states, ranked by their potential to cut carbon emissions through industrial energy efficiency, are: Texas, Ohio, Illinois, Indiana, Pennsylvania, Kentucky, Michigan, California, Georgia and Alabama. At a national scale, industrial efficiency and CHP/WHP could save more than:

- 396 megawatt hours of electricity;
- 174 short tons of carbon dioxide (the equivalent of 46 coal-fired power plants);
- and $298 billion in utility bill savings.

"What this report really demonstrates is that the industrial sector has an enormous opportunity to boost efficiency," said the report's lead author, Alexandra Rekkas, Senior Research Associate, Alliance for Industrial Efficiency. "By boosting industrial efficiency, we can cut carbon emissions by a third, while making businesses more competitive by saving them $298 billion. These savings will also support new jobs and make our electric system more resilient and reliable."

Spotlight: Ohio

Ohio, which ranks second in the country in its potential to reduce emissions through these innovative technologies and boasts a strong manufacturing base, provides an illustrative example. Industry represents the largest consumer of energy in Ohio, accounting for one-third of all energy use. By ramping up energy efficiency at an industrial level, including through CHP and WHP, Ohio can reduce carbon emissions by 10.3 million tons per year, the equivalent of taking three coal-fired power plants offline—and could save more than 15 million megawatt hours of electricity each year. Not only will these efficiencies help Ohio manufacturers continue to compete in a global marketplace, but businesses also stand to benefit, saving $12.5 billion in cumulative avoided electricity purchases, by 2030. Cleaner air and job creation are among the additional perks the state will see from employing these measures.

Manufacturers throughout Ohio are already realizing gains from tapping into these cutting-edge technologies. Nissin Brake Ohio, Inc., which creates brake systems for Honda, Harley-Davidson, and other car companies, saved $3.4 million on energy costs since 2008. “Our bottom-line costs change from month-to-month depending on production volumes,” said Dana Ware, Manager of Production Support, Nissin Brake. “Controlling our energy costs is one way to stabilize overall costs and to deal with production volume changes.”

Crown Battery, located in Fremont, Ohio, has saved nearly $1.3 million with energy-saving technology. Beyond the bottom line, additional rewards have included higher sales, increased profits, faster production, and improved reputation. “My advice to other manufacturers? You need to take advantage of this,” said Matt Culbertson, Project/Energy Engineer, Crown Battery. “Not only does it improve your facility, but it allows you to go to market cheaper than your competitors and it frees up money for other big capital improvements.”

What stakeholders are saying:

Isaac Angel, Chief Executive Officer, Ormat Technologies:
“Ormat has been developing waste heat to power (WHP) projects for nearly 20 years already in North America with its proprietary Recovered Energy Generation (REG) technology and as the Alliance report demonstrates that WHP will continue to be a huge potential source for CO_2 emission reductions and energy-efficiency improvements. The cost savings resulting from these reductions in emission and efficiency improvements will have a significant effect across the United States and Ormat looks forward to expanding future development to realize these cost savings.”

Vince Sandusky, Chief Executive Officer, Sheet Metal and Air Conditioning Contractors’ National Association:
“Industrial efficiency and CHP/WHP are important tools to make power generation more efficient, cut manufacturer’s energy costs, and free up resources for innovation and job creation. These projects support high-paying, skilled jobs in the design, construction, installation and maintenance of equipment. We are eager to tap the potential of industrial energy efficiency—if we have a chance to put people to work, boost industrial productivity and promote cleaner air at the same time, let’s seize it.”

Elinor Haider, Vice President of Public Affairs, Veolia Energy:
"States can strengthen the reliability of all of their electricity customers by including CHP in their compliance plans. We witnessed the benefits firsthand during Superstorm Sandy in October 2013. While nearly eight-million residents across the Mid Atlantic lost power, the CHP system we helped install kept the lights on at New York University and allowed the University to serve as a place of refuge during the storm."

To read the report – "State Ranking of Potential Carbon Dioxide Emission Reductions through Industrial Energy Efficiency" – visit http://bit.ly/AIEreport

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The Alliance for Industrial Efficiency is a diverse coalition of business, labor, and nonprofit organizations that advocate for policies that increase U.S. manufacturing competitiveness through industrial energy efficiency, especially the use of combined heat and power and waste heat to power.