Looking Back . . . and Looking Ahead

As 2014 draws to a close and 2015 looms on the horizon, Ohio Steel Council president and chairman Brenda Schulz reflects on the Council’s accomplishments during the past year and some of the challenges that lie ahead.

Q: In your option, what were the Council’s major accomplishments in 2014?

A: Two major achievements stand out in my mind. On the state level, we helped secure passage of Senate Bill 310, which freezes Ohio’s energy efficiency and peak demand reduction compliance targets at 2013 levels while a study committee explores ways to mitigate the rising cost of energy efficiency and renewable energy mandates on the energy-intensive customers such as steel producers. SB 310 also preserved a critical provision that allows large industrial energy customers to opt out of the mandated energy efficiency programs and riders. In the coming year, we will need to keep careful watch over the study committee’s work.

On the federal level, Council members participated in a grassroots advocacy effort led by the Alliance for American Manufacturing that was instrumental in securing a favorable ruling by the International Trade Commission (ITC) to approve new duties on certain foreign imports of “oil country tubular goods” (OCTGs). The ITC ruling, which ratified an earlier anti-dumping ruling issued by the U.S. Department of Commerce, is a major step in the right direction to enforce U.S. trade laws and halt the illegal dumping of OCTGs so domestic steel producers can compete on a level playing field.

Q: Looking ahead to 2015, what are the Council’s major challenges?

A: The biggest continuing challenge for Ohio’s steel producers is energy policy and costs. From an operating standpoint, the cost of electricity is the wild card right now. With continued attacks from the Administration on coal as a generation source, what’s going to happen when utilities start taking coal-fired plants off-line? Will there be enough capacity on the grid for what we are going to need for our business? And of course, shortages of supply drive up price.
Another big challenge in 2015 is going to be environmental regulations. While this is primarily a U.S. EPA issue, we are concerned about what the State will have to do to comply with the federal mandates. Ozone regulations, in particular, will be a big issue for us. For example, the EPA has proposed lowering the national ozone standard from 75 parts per billion to as low as 60 parts per billion. A standard that low will be incredibly difficult to achieve.

Tax is another big policy issue of concern. Some tax reform advocates are calling for a 15 percent increase to Ohio’s Commercial Activity Tax (CAT) to compensate for lowering the individual state income tax. For the steel industry, any change to the broad-base, low-rate CAT is going to be a challenge from an increased costs perspective.

Another issue on our radar screen for 2015 is an ongoing effort to pass legislation that would require customers to reimburse electric utilities for environmental clean-up costs associated with long obsolete – that is, no longer used and useful – gas manufacturing plants. A priority in 2014, this issue is still on the table and remains a huge concern for our industry.

Q: What is your outlook on 2015 for Ohio’s steel industry?

A: I am very excited about the coming year. We see some growth in our economy – and anytime we see that, it’s positive for the steel industry, especially in the construction sector. I think the market is coming back for a lot of different products in the steel industry. Construction is going to come back in the next year to two years with a significant increase in 2015.

I’m also encouraged by the growth we’re seeing in the natural gas and oil industry, because that also affects our business. We’re on the uphill right now, but I think we are going to really hit a good stride in 2015. In the coming year, we will continue to work together through the Council to get our message out there and talk about the positive impact the steel industry has in Ohio.

For more information about the work of the Ohio Steel Council, check out our website, www.ohiosteel.org.

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