

Why Participate in a State Industrial Energy Group?

David F. Ciarlone
DFC Energy Strategies LLC

The answer in one word: power. Good facts and compelling argument are not enough to win an energy policy debate. Utilities, energy companies and professionalized issue advocacy groups – but especially the utilities – enjoy a strong presumption of credibility. To overcome this inherent imbalance, industrial customers need to organize and focus their power. They need to build groups.



Des Moines, Iowa

Whether a state's electricity is regulated or deregulated, utilities play an outsized role in energy policy. They are consistently among the biggest campaign donors to both parties, and their legions of lobbyists make them a ubiquitous presence in every legislative and administrative office where energy decisions are made. They



Columbus, Ohio



Harrisburg, Pennsylvania

nurture their power by staying close to policy deciders and ensuring that they are sympathetic to their concerns. Developing and maintaining these relationships is critical to both their revenue and their net income. This direct approach enables utilities to drive multiple, large, complex energy issues simultaneously in a way that is impossible for even large, energy-intensive industrial customers to replicate.



Richmond, Virginia

The strongest advantage that industrials can leverage over the utilities and others is jobs: the good-paying, family-sustaining manufacturing jobs they provide. Manufacturing jobs are the foundation of any state's economy, and policy deciders go to great lengths to retain and grow their number. While utilities might claim hundreds of these jobs, the industrials of almost any state could easily aggregate tens of thousands of them. By building groups large and

Why Participate in a State Industrial Energy Group?

David F. Ciarlone
DFC Energy Strategies LLC

diverse enough to represent a significant share of the state's manufacturing jobs, industrials can leverage the political power in these jobs to earn their "place at the table."



Lansing, Michigan

Groups must be carefully organized. Effective policy engagement requires close coordination between energy policy expertise and an expert government affairs function. Well-run groups hire experts, engage lobbyists, and retain counsel, and thereby multiply their impact, divide their costs, and make themselves a sustained force within the state capitol. Groups so structured give members the opportunity to proactively engage the energy issues important to them as they emerge. Sustaining these groups gives industrials *their* proximity to the policy deciders, ensures that these deciders are also sympathetic to *their* concerns, and enables them to influence or win policy debates.



Indianapolis, Indiana

Groups also require size and diversity. A group large enough to articulate a few key positions is not large enough. The larger the group (i.e., number of jobs its members provide), the better able it is to rebalance the power wielded by utilities and others that dominate state energy policy. The more diverse the group, the better able it is to integrate lessons learned from member experiences in other states into winning strategies. Industrial customer groups of this scale are formidable.

Joining a group benefits both the group and the new member. Larger and more diverse groups are stronger, and new members gain access to the market and policy intelligence curated by the group, as well as the similar experiences of true peers. Members can identify potential energy price and other threats early enough to build them into business plans – or even mitigate them – long before they appear in an invoice and wreck the surprised Controller's financial statements. Members can position their company to take maximum advantage of any potential opportunities, and they can participate in the ongoing discussions within the group to ensure their company's concerns are fully considered in the development and implementation of the group's priorities.

Energy policy and cost are changing faster than ever before, particularly in the states. Active participation in a state group is the best way to avoid surprises and identify and capture opportunities.

David F. Ciarlone is a nationally recognized expert in energy and energy policy for industrial end users.

david.ciarlone@dfcenergystrategies.com