

# The American Energy Initiative

## Shearer's Foods Perspective

Testimony of Scott E. Weyandt  
Director of Sustainability & Compliance

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### **Shearer's Foods, Inc.**

692 Wabash Ave. North

Brewster, Ohio 44613

330.767.3426

[www.shearers.com](http://www.shearers.com)

STATEMENT OF SCOTT WEYANDT, DIRECTOR OF SUSTAINABILITY & COMPLIANCE, SHEARER'S FOODS, INC.  
HOUSE ENERGY AND COMMERCE COMMITTEE  
SUBCOMMITTEE ON ENERGY AND POWER  
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Mr. Chairman, members of the Subcommittee, Good Morning and thank you for the opportunity to participate in your proceedings. My name is Scott Weyandt, and I am Director of Sustainability & Compliance for Shearer's Foods, Incorporated. Over the course of 35 years, Shearer's has grown from a single family owned grocery distribution truck in Canton, Ohio, to become a \$530 MM+ salty snack manufacturer with yearly sales of 300 MM+ lbs in the US and beyond. Recognized as the nation's largest manufacturer of kettle chips, Shearer's also proudly produces standard potato and tortilla corn chips, as well as multigrain and extruded snacks. Shearer's currently employs nearly 2000 individuals, with total manufacturing space totaling over 1,000,000 ft<sup>2</sup> at five (5) sites in Ohio, Texas, Oregon, and Virginia.

Introduction

I would like to share our concerns regarding potential changes to the EPA GHG Reporting and Tailoring Rules and the resulting impacts on our industry. If the Clean Air Act CO<sub>2</sub>e trigger thresholds are lowered from 100,000 tons per year to suggested values, such as 250 tons, all five (5) of Shearer's manufacturing sites would be subject to expensive and unnecessary Title V requirements as well as those associated with PSD regulations. Currently, none of the Shearer's sites have Title V permits. In a fiercely competitive market with margins accumulated in pennies rather than dollars, the cost and compliance burdens to the impacted sites would be substantial, and should not be underestimated.

Relying upon accredited research such as that presented by NOAA, Shearer's does recognize a concern for the results of growing GHG concentration levels, and believes that our industry segment has the

greatest ability to positively impact these concerns through the proactive and voluntary management of sustainability and energy/GHG reduction programs, rather than through mandated government intervention and increased regulation. Substantial participation in previous programs such as Climate Leaders has indicated industry willingness to accept proportionate accountability and to effect positive change in a voluntary manner.

### Real Change

It has been my honor to work our CEO & Founder Bob Shearer, our President Scott W Smith, as well as all of our associates in creating a culture of sustainability and corporate social responsibility, which embraces the communities and environments in which we reside and operate. With energy and GHG tracking and reduction programs in place since 2007, Shearer's elevated its commitment to providing leadership in sustainability and energy use in 2009 with the design, and construction of our newest manufacturing site (the Millennium Plant) in Massillon, Ohio under the guidelines of the United States Green Building Council, LEED (Leadership in Energy and Environmental Design)<sup>®</sup> program.

Shortly following the commissioning of this building, in June 2010, this site was recognized with USGBC Certification<sup>®</sup> as LEED Platinum<sup>®</sup>, their highest honor, making it the only manufacturing site of any kind in the United States, and the 1<sup>st</sup> food manufacturing site in the world, to receive this distinction.

In order to participate in the LEED Certification<sup>®</sup>, Shearer's was required to establish baseline values, previously undefined for our industry specific equipment, as well as demonstrate total energy intensity reductions of at least 14% as a prerequisite. With over 83% of the energy (natural gas and electric) that we consume used in the processes of cooking, baking, and frying corn, potato, and other grain products,

Shearer's was only able to achieve the required total energy intensity reductions through the redesign and reconstruction of our basic processes and manufacturing equipment.

The resulting innovations resulted in a patent pending ceramic infrared Tortilla Chip oven which uses 47% less natural gas, and advanced heat recovery systems which harness the latent energy potential in oven exhausts and steam released in the cooking of potato slices. These heat recovery systems provide recycled energy (up to 15MMBtu's/day) for over 90% of the building HVAC loads, as well as provide energy for sanitation water, precooking of corn and heating of process water prior to anaerobic water pretreatment systems.

In summary, this site was measured and verified to use over 30% less total energy intensity with commensurate reductions in GHG emissions. This site was funded without any Federal grants or contracts, and required an additional investment by Shearer's of approximately 5.5% of the total project costs (\$65MM) to reach these goals. With a less than three (3) year ROI, these energy and GHG reduction enhancements are currently being evaluated and implemented, where possible, at our other manufacturing sites.

### Future Market Impacts

In simplest terms, Shearer's manufacturing relies on three (3) primary ingredients: labor, energy (natural gas and electric), and agriculture (potatoes, corn, and grain). Shearer's has already witnessed shifts in our supply chain suggesting that the outcomes of GHG build up and climate change are already impacting growing seasons, resulting in higher commodity pricing which shows no signs of slowing. Additionally, Shearer's is very sensitive to fluctuations in energy markets, where even small changes can result in devastating impacts to fiscal prosperity. Our larger plants maintain yearly budgets of \$5MM+ in natural gas costs, and \$2MM+ in electric costs. Shearer's ability to consider the potential benefits of

sustainable projects such as cogeneration to offset these energy costs, have been severely limited by the uncertainty surrounding the established thresholds on CO<sub>2</sub>e emissions and the potential for these triggers to drop.

### Conclusion

Shearer's Foods continues to proactively push the efficiency of our processes, lowering energy use and associated GHG emissions. Our belief is that any attempts to control or reduce the impacts of GHG emissions must be both scientifically sound, as well as economically sustainable. This must be executed in a stepped and methodical approach, and with the involvement of affected industry partners. Any new, or overly broad rules to limit the emissions of clean burning natural gas, may have potentially devastating impacts on the food sector.

As currently enforced, the 100,000 tpy trigger appears to be effective in targeting large quantity GHG generators. While Shearer's, as well as other food industry partners will ultimately feel the downstream cost impacts of a climate change regulatory program through our energy providers, these costs pale in comparison with the potential economic and regulatory burden suggested by the potential of EPA lowered limits such as the 250 tpy CO<sub>2</sub>e threshold.

Shearer's Foods thanks the subcommittee for consideration of this important issue, as well as allowing us to share our perspectives. We would ask Congress to give serious consideration to the negative impacts on the food industry that accompanies any attempts to regulate such small amounts of emissions.

Thank you for your time. I would be glad to answer any questions that you may have.