



Industrial Energy Consumers of America

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News Release

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Headline: EIA Cost Estimate of Senate Climate Bill Under-States Natural Gas Costs by Over \$1.3 Trillion Dollars

“The math is simple and indisputable,” said Paul N. Cicio, President of the Industrial Energy Consumers of America. “The Senate climate bill is over \$1.3 trillion more costly than what Congress thinks it is. The Energy Information Administration’s natural gas price assumptions used to determine the cost of S.2191 are about one-half of today’s real-world forward prices.”

On April 30, 2008, the Energy Information Administration (EIA) completed an economic study of S.2191 America’s Climate Security Act. Comparing EIA’s natural gas price assumptions to the New York Mercantile Exchange (NYMEX) closing forward prices of May 30, 2008 indicates they have underestimated the cost of S.2191 by approximately \$1.3 trillion dollars.

To our knowledge, all entities that have conducted economic cost studies on S.2191 have used the EIA’s natural gas cost assumptions except the ACCF/NAM study. This means, all other study cost results have been under-estimated as well.

<u>Year</u>	<u>\$/mmBtu NYMEX ⁽¹⁾</u>	<u>\$/mmBtu EIA 2008⁽²⁾</u>	<u>\$/mmBtu Difference</u>	<u>Tcf Consumption ⁽³⁾</u>	<u>Additional Cost (\$billion)</u>
2008	11.96	7.23	4.73	23.79	\$112.5
2009	11.11	7.31	3.80	23.92	\$90.9
2010	10.25	6.85	3.40	23.82	\$81.0
2011	9.97	6.48	3.49	23.84	\$83.2
2012	10.00	6.18	3.82	23.75	\$90.6
2013	10.14	5.99	4.15	23.57	\$97.8
2014	10.28	5.83	4.45	23.60	\$105.4
2015	10.45	5.70	4.75	23.69	\$111.6
2016	10.62	5.55	5.07	23.51	\$116.6
2017	10.77	5.52	5.25	23.02	\$119.0
2018	10.94	5.56	5.38	22.65	\$120.3
2019	11.12	5.61	5.51	22.38	\$123.4
2020	11.34	5.52	5.82	22.42	<u>\$130.5</u>
					\$1,383.0
					Total

(1) NYMEX prices as of May 30, 2008

(2) EIA Annual Energy Outlook, 2008

(3) EIA – Core Case

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