



Industrial Energy Consumers of America (IECA)

The Energy Voice of Industrial Energy Consumers

1155 15th Street, NW, Ste 500, Washington, DC 20005

Tele: 202-223-1661 • Fax: 202-223-1420 • www.ieca-us.org

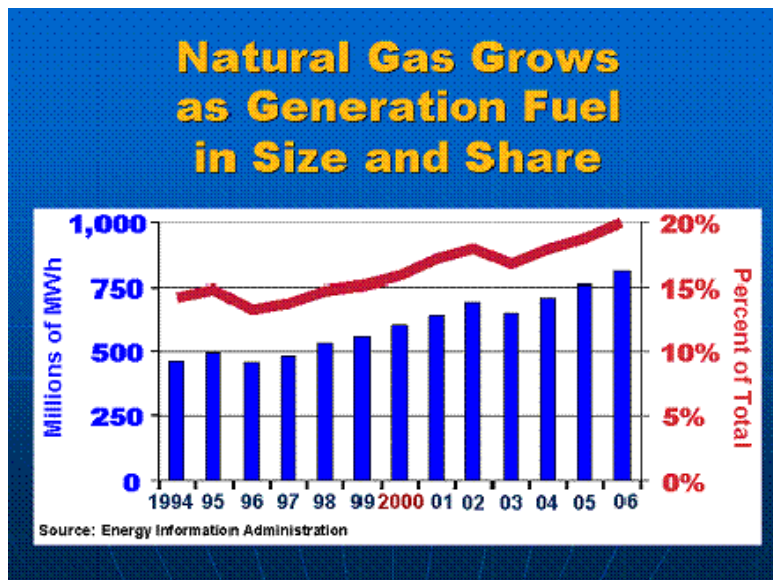
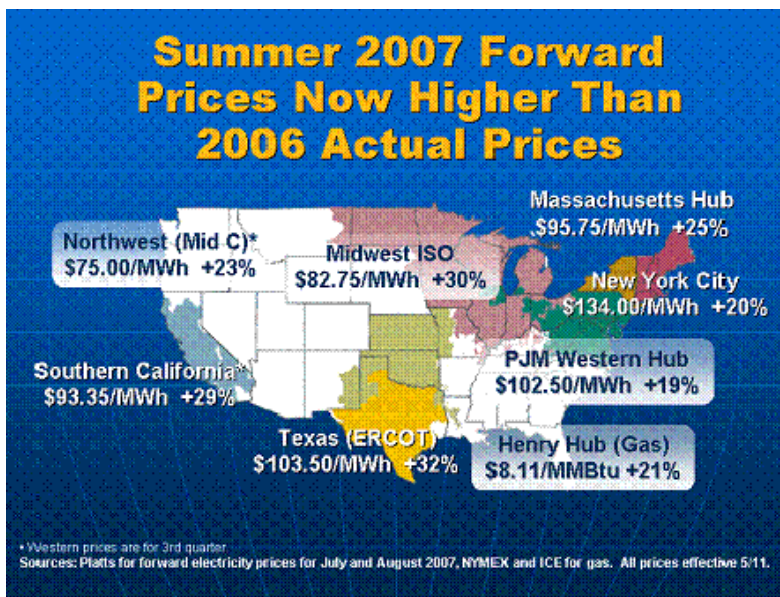


FERC Forecasts Double Digit Electricity Price Increases This Summer Over Last Due to High Natural Gas Prices

May 18, 2007

FERC's 2007 Summer Energy Market Assessment released on May 17, 2007 confirms that the almost 75% increase in gas-fired electric generation since 1996 is driving up the price of natural gas and electricity for every home owner, farmer and manufacturer. FERC forecasts electricity price increases from almost 20 to more than 30%.

"This report provides a clear signal to Congress to take urgent action to increase supply of natural gas and help electric generators use more coal, nuclear and renewable energy," said Paul N. Cicio, President of the Industrial Energy Consumers of America (IECA). "This would not be a problem if we had an ample supply of natural gas - we do not. Natural gas supply will remain very fragile for at least the next five years."



This report is timely given recently introduced legislation by Rep Rahall. The **Energy Policy Reform and Revitalization Act of 2007** would decrease production and increase the cost of natural gas.

IECA supports increased cost effective energy efficiency and conservation. But, by itself, it is not enough. Under normal circumstances, lower demand for natural gas from energy efficiency and conservation would also reduce prices. That is not what has happened. Since 2000, residential, commercial and industrial consumers have responded to high natural gas prices by reducing their consumption by -13%, -8% and -19% respectively. However, consumption by the power sector rose 20% and as a result, actions taken by consumers to improve energy efficiency and conservation that could have resulted in lower natural gas prices were wiped out.