Industrial Energy Consumers of America
The Voice of the Industrial Energy Consumers

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February 25, 2010

The Honorable Harry Reid
Senate Majority Leader

The Honorable Mitch McConnell
Senate Minority Leader

Re: Federal Energy Regulatory Commission Authority over Electric Transmission Siting and Cost Allocation

Dear Majority Leader Reid and Minority Leader McConnell:

The American Clean Energy Leadership Act of 2009 (S.1462) passed by the Senate Energy and Natural Resources Committee gives the Federal Energy Regulatory Commission (FERC) the authority to approve or modify interconnection-wide transmission plans and spread or socialize the cost of new transmission lines. As substantial consumers of electricity and whose competitiveness is often determined by the price of electricity, we urge you to not accept these provisions because, among other things, this subsidization could favor selection of less favorable projects.

Transmission decisions should be made locally using regional policy processes and we do not think it is appropriate that some portions of the country would subsidize other regions. Instead, each region should bare the costs of their transmissions siting decisions. Each region and utility should be held accountable for its plans to keep the delivered cost of electricity low and reliability high.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $900 billion in annual sales and with more than 850,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

A key underpinning of this drive to socialize the costs of transmission is to increase the supply of renewable energy. Increased supply of renewable energy in our nation's electricity supply mix is a good thing. However, it is important that each new electricity source, whether it is a natural gas fired power plant, a coal or nuclear plant or a wind farm, bear its own costs. Renewable energy is already highly subsidized and remains more expensive than alternatives.

A key point that is always worth reinforcing to policy makers is that all costs from provisions like these are paid for by us consumers. Some manufacturers decide whether they can operate profitably or shut down based on only a few tenths of a cent per kWh. Manufacturing competitiveness "is" impacted by policy decisions like this one which affects jobs and our ability to export.

An important economic solution to the concern of transmission grid reliability is for the Congress and States embrace greater utilization of combined heat and power (CHP)/recycled energy supplied by the manufacturing sector. CHP/recycled energy power plants use the waste energy from manufacturing facilities, relieve electricity grid congestion, are superior in energy efficiency and GHG emissions and reduce energy costs to the manufacturer. We would welcome the opportunity to work with you on this subject.

Thank you for considering our views. In short, those who benefit from transmission services should pay for it.

Sincerely,

Paul N. Cicio
President

The Honorable Jeff Bingaman
The Honorable Lisa Murkowski
The Honorable Henry Waxman
The Honorable Joe Barton
The Honorable Jon Wellinghoff
The Honorable Philip D. Moeller
The Honorable Marc Spitzer
The Honorable John R. Norris
The United States Senate