



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

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September 24, 2008

The Honorable Carl Levin
The Honorable Jeff Bingaman
The Honorable Tom Harkin

Dear Senators:

On behalf of the Industrial Energy Consumers of America, an association of leading energy intensive manufacturing companies with over \$500 billion in annual sales and with more than 850,000 employees nationwide, we strongly support S.3577 "Prevent Excessive Speculation Act of 2008. We thank you for your leadership and urge the senate to either pass this as stand alone legislation or add it to any financial rescue package passed by Congress.

Excessive speculation has cost natural gas consumers over \$40.4 billion from January to August 2008 when compared to the same time period last year. During this same time period, the Energy Information Administration reports that domestic production increased by 8.6 percent; demand was essentially unchanged from the previous year and that national inventories were in the normal range for this time of the year. These facts prove that the price spike was not driven by supply versus demand fundamentals.

Our competitiveness is largely determined by the cost of energy. Excessive speculation is real and is un-necessarily raising the cost and volatility of energy and agriculture products. As manufacturer's who rely upon the futures market, we are witnessing an obvious abuse of the futures market to the detriment of all consumers. We urge the Congress to protect the interests of the public.

The futures market is a unique market that was organized to serve the needs of consumers and producers of commodity products like energy and agriculture. As traditional hedgers we have witnessed a disturbing and destructive change to the futures market because of excessive speculation and a lack of market transparency. Oversight and transparency loopholes do exist are used for unlimited speculative trading that goes well beyond the traditional role that speculators have played in the futures market. Increasing transparency and establishing speculative limits will restore confidence in the futures market.

Sincerely,

Paul N. Cicio
President

Cc: Senate

