



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

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February 18, 2010

The Honorable Nancy Pelosi
The Honorable John Boehner
The Honorable Harry Reid
The Honorable Mitch McConnell

Re: RES Alliance for Jobs Study

Dear Members of Congress:

On behalf of the Industrial Energy Consumers of America (IECA) we wish to caution the Congress on claims made from a recent study by Navigant in behalf of the RES Alliance for Jobs. The study claims mandating a national 25 percent RES (renewable electricity standard) by 2025 will result in more than 274,000 jobs. The study fails to provide any idea what this mandate will cost the taxpayer in production tax credits and higher electricity costs. As large consumers of electricity, it is very important that our competitiveness is not impacted by increased costs of electricity. Alternatively, according to a DOE report, Congressional support for CHP/recycled energy projects could create nearly 1,000,000 new highly-skilled technical jobs, reduce manufacturing energy costs thereby improving competitiveness, reduce 800 million metric tons per year of CO₂ and improve the reliability of the electric transmission grid.

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.

We do fully appreciate at least one point that the study tries to make - that a steady mandated demand for renewable energy product could increase the chances that more of these products will be produced in the US rather than imported. The point of this dilemma was highlighted by Diane Sawyer on the ABC Nightly News this month.

The news program said that the American Recovery and Reinvestment Act of 2009 provided \$2,000,000,000 for renewable energy and that 8 of every 10 jobs created were located in foreign countries. The report also highlights that China will receive \$450,000,000 tax dollars and will create 2000 jobs in China and just 300 jobs in Texas.

These are tax dollars that were suppose to create jobs here. And, because we are borrowing from foreign countries to finance our debt, it puts the US in the position of having to borrow dollars to create foreign jobs.

Every business in the US is looking for guaranteed growth which is what the RES Alliance for Jobs is asking for through this mandate. But in this case, everyone else pays for their growth at some unknown, but anticipated high cost.

The study also fails to consider that there are biomass sources (e.g. woody biomass) that already have an existing market demand and support almost 1,000,000 existing green jobs in the US forest products industry. A federal RES would increase demand and without an appropriate counter balance increase in sustainable supply, can adversely displace existing green jobs. This is especially true in the Southeast where quality wind and solar renewable power opportunities are limited. One of the most effective pathways to retain existing jobs and create new jobs is to align renewable energy generation with the needs of industrial consumers.

The study assumes that if Congress puts a mandate in place, manufacturers of renewable products will locate or relocate their production facilities to the US. This is a huge leap of faith that we should not accept. The Congress should use other measures that assure the establishment of production facilities in the US.

In light of this, we urge the Congress to work with us to remove regulatory barriers to allow greater use of combined heat and power/recycled energy. The Department of Energy study says that increasing supply from 9 percent to 20 percent of the grid by 2030 would avoid 60 percent of the increases in US GHG emissions or 800 million metric tons of CO2 create nearly 1,000,000 new and highly-skilled technical jobs and generate about \$234,000,000,000 in new investments. Importantly, doing this would reduce the cost of energy for the manufacturing sector, increase competitiveness that in return would increase jobs and exports. CHP/recycled energy projects also increase the stability of the grid by relieving congestion.

We hope you will consider our alternative and look forward to hearing from you.

Sincerely,



Paul N. Cicio
President

Copy:
The Honorable Steven Chu
The Honorable Jeff Bingaman
The Honorable Lisa Murkowski
The Honorable Henry Waxman
The Honorable Joe Barton
The United States House of Representatives
The United States Senate