



Industrial Energy Consumers of America

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News Release

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Headline: “House Energy Bill Needs Modified in Order to Increase Offshore Production”

(Washington D.C.) – “Speaker Pelosi’s legislative provision to open the outer continental shelf (OCS) to drilling is a bold positive step and we applaud her for it, but unless modified, it will not likely result in increased offshore production,” said Paul N. Cicio, President of the Industrial Energy Consumers of America (IECA). To increase production will require either removing the provision that requires a state to approve drilling in their offshore areas or provide royalty incentives to states who agree to allow drilling. Without the royalty incentives states are not likely to approve drilling offshore.

Also, the 50 mile requirement is problematic because according to the Minerals Management Service, 80 percent of our known natural gas and oil reserves are located within 50 miles offshore. If our goal is to increase domestic production and increase our nation’s energy security, we must not limit drilling to beyond the 50 miles.

IECA also strongly oppose provisions that provide monetary incentives and mandates to use compressed natural gas (CNG) as a motor vehicle fuel. Increasing demand without first significantly increasing supply could devastate the manufacturing sector that relies upon natural gas for both fuel and feedstock. We have lost over 3.0 million high paying manufacturing jobs since 2000 and high natural gas prices have played a significant role. This provision puts the transportation market in direct competition for the same natural gas that home owners, farmers and manufacturing use and will result in much higher prices.

According to the Energy Information Administration, natural gas demand has grown by 9.8 percent since 2000 while production has remained flat despite record well completions. Production in 2000 was 19.2 trillion cubic feet versus 19.3 trillion cubic feet in 2007. Recent growth in natural gas from shale is encouraging, but this has not yet shown sufficient production to accommodate the growing demand by the power sector let alone provide additional supplies for the motor vehicle industry.

The Industrial Energy Consumers of America is an association of leading manufacturing companies with \$500 billion in annual sales and with more than 850,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies 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.

