



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

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Submitted for the Record  
By the  
Industrial Energy Consumers of America

Renewable Electricity Standard  
Hearing Date of February 10, 2009

Renewable energy has an important place within the U.S. energy mix and should be expanded along with other domestic sources of energy. Importantly, the Industrial Energy Consumers of America (IECA) believes any decision to mandate renewable energy supplies should be left to each state - not the federal government.

Each state has significantly differing renewable resource supply profiles, electric transmission and distribution capacity and associated costs that must be considered. Expanding use of renewable energy will significantly increase the cost of electricity in a time when the public and the manufacturing sector cannot afford increased costs.

In general, renewable energy is our most expensive source of electricity when the total costs of production, the federal subsidy, increased cost of transmission, distribution and backup generation costs are combined. As such, we are concerned that an aggressive increase in the renewable energy share of the total power generation market will raise the cost of electricity to the manufacturing sector. Higher costs directly impact our competitiveness.

**Sound U.S. energy policy demands more than simply an increase in the supply of renewable energy. It must be globally cost-competitive and reliable in supply.**

Why? First, because the manufacturing sector competes globally with companies whose energy costs are often lower and sometimes subsidized by governments. (China is a good example.) And, when manufacturing successfully competes globally it creates domestic high paying jobs with benefits and exports that are critical to our country's economic recovery.

Secondly, because manufacturing facilities must have an instantaneous supply of electricity – not an intermittent supply, to operate a variety of diverse and complex processes, some of which that operate 24/7.

**If Congress intends to pass an RES, it must lower the cost of the resulting delivery of electricity. The best way to accomplish that is to allow “energy efficiency and waste energy projects” to compete head to head with renewable energy sources.** Competition between renewable energy and energy efficiency/waste energy will help drive down the cost of the delivered electricity. Every home owner, farmer and manufacturer will benefit.

- The market – not the Congress should determine winners and losers by letting renewable energy and energy efficiency/waste energy compete head to head.
- In many ways, energy efficiency/waste energy is better than renewable energy because it is delivering clean lower cost energy into the market that is more reliable...and less intermittent like wind and solar.
- Unfortunately, renewable energy is our most expensive form of electricity. Non-hydro renewable energy is 402% more expensive than nuclear and 227% more expensive than coal based electricity according to the US Department of Energy, 2006 data.

Cost of Electricity  
(\$/MWH)  
Non-Hydro Renewable: \$68.00  
Natural Gas: \$49.51  
Nuclear: \$13.54  
Coal: \$20.80

An important unintended consequence of a federal RES mandate is the loss of competitiveness of the pulp and paper industry that uses biomass as a feedstock. The federal RES creates competition for the finite source of biomass in a regional area and could render paper mills in that region non-competitive creating additional loss of jobs.

Submitted by:



Paul N. Cicio  
President

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*The Industrial Energy Consumers of America is an association of leading manufacturing companies with \$510 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. 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.*