



Industrial Energy Consumers of America

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May 5, 2004

H.R. 4067, S. 139 and the need for a Comprehensive Energy Plan

Dear Congressional Members:

Before you make any decision on the need for climate change legislation, IECA asks that you seek from the legislative sponsors, their blueprint for how this can be practically achieved without raising the cost of energy, increasing the loss of manufacturing jobs, impacting economic growth or reducing our standard of living.

The standard of living of your constituents is dependent on the availability and affordability of energy. Over time the per capita need for energy has increased as we increase productivity. To date every proposal to combat climate change has translated to higher energy costs and usually reduced usage. You can see the impact of higher gasoline prices. These climate change proposals will mean higher heating costs, higher electricity costs, and higher costs for your constituents any time they purchase a domestic product that uses energy to make.

While sounding modest, the most recent proposal being offered asks the US to take greenhouse gas emissions to the 2000 level by 2010. The end date, 2010, is only 6 years out. This goal ignores the fact that between 2000 and 2010 the population of the U.S. will increase by nearly 28 million people. For perspective that is more people than any individual state except California. One rough way to think about this would be to add another State of Texas to the country and say that we are going to supply those people with energy without using oil, coal, or natural gas. From that view, this proposal sounds a lot more challenging.

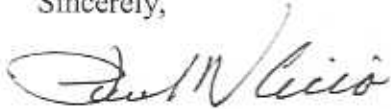
Without a plan to deliver this energy, legislation of this type will accelerate the ongoing transfer of energy that is taking place today, based on price, from the industrial sector to the residential sector. This will only mean more manufacturing jobs will be lost in our country. If you believe the loss of jobs in this country is a problem, supporting unbalanced legislation such as this is a contributing factor. Imposing unachievable goals on our country is not productive.

The attachments to this letter show how population, energy consumption and emissions are projected to change from the 2004 Annual Energy Outlook. A chart is included for you to rough out how we could achieve both the energy and the emissions targeted in the Climate Stewardship Act. Also included is a graph from the recent National Petroleum Council's study on natural gas that shows a very significant increase in the price of

natural gas even with a doubling of nuclear generation when constraints similar to the Climate Stewardship Act are imposed.

IECA has been advocating the need for a diverse fuel supply and more domestic energy production including environmentally favored natural gas. Congress' ability to deliver on a well thought out energy bill will do more to improve the quality of life in this country including our impact on climate change than proposals whose intent is to impose unachievable regulations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul N. Cicio".

Paul N. Cicio
Executive Director

Climate Stewardship Scorecard

Year	Population (Millions)	Energy (Quads)	Projected CO ₂ Emissions (Million M Tons carbon equivalent)
1990	248.7	84.75	1364
2000	281.4	98.38	1597
2010	309.3	111.77	1789
2016	324.5	121.55	1946

Formulate Your Emission Free Energy Plan				
Source	Current Contribution to U.S. Energy (Quads)	Growth of Source (Multiplier)	Target for 2010 6 Years from Now	Target for 2016 12 Years from Now
Hydroelectric (Dams)	6			
Nuclear	8			
Wind	0.1			
Solar	0.01			
Improve Total Fleet Mileage 10%	1.6			
Improve Total Residential & Commercial Energy efficiency by 10%	3.8			
Reduce Coal Usage 10%	-2.4			
Total Energy From Plan				

Year	Population Change (Millions)	New Energy Needed (Quads)
1990	-	-
2016	75.8	36.80

Year	Population Change (Millions)	New Energy Needed (Quads)
2000	-	-
2010	27.9	13.39

To accommodate the growth in population and energy, while holding emissions to historical levels, will require more energy production from non-emitting sources along with improved efficiencies. Any reduction in an existing fossil fuel will need to be replaced by a lower emitting fuel or non-emitting source.

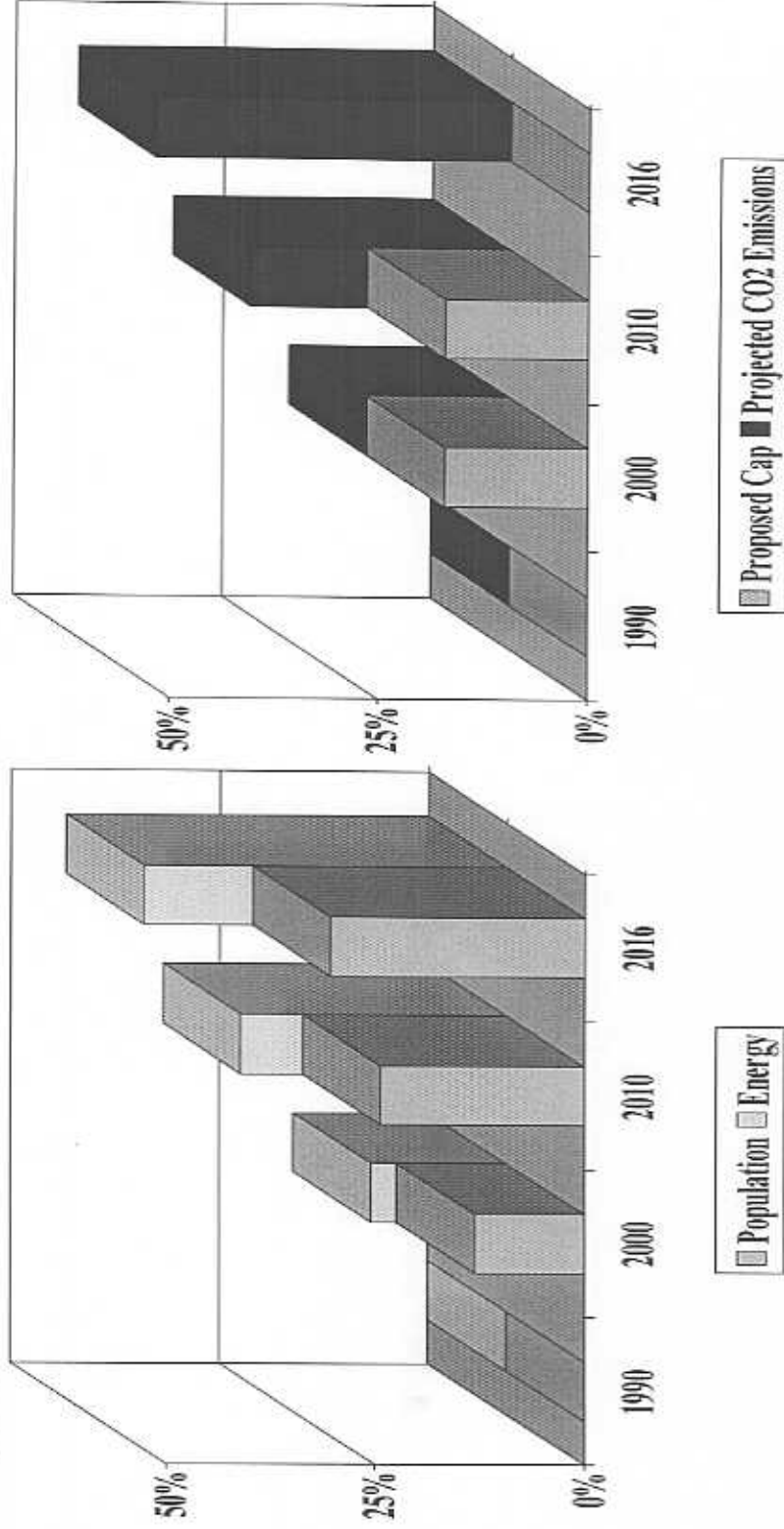
The Climate Stewardship Act

Where does the energy come from?

U.S. Population increases by over 75 Million people. (~28M 2000-2010)

What standard of living will those people have?

What sources of non-emitting energy will lower the cost of energy necessary to provide that standard of living?



Source: DOE – EIA, Annual Energy Outlook 2004 & Annual Energy Review 2001, U.S. Census Bureau

National Petroleum Council Balancing Natural Gas Policy

The NPC Study looked at a number of sensitivities including one case that approximated the proposed Climate Stewardship Act. This case showed an increase in the price of natural gas relative to their reference case of over \$1.70 per million BTU. To balance energy demands in this case the NPC study assumed that nuclear power in this country doubled compared to existing levels. Without this growth in nuclear capacity the price of natural gas would have been much higher.

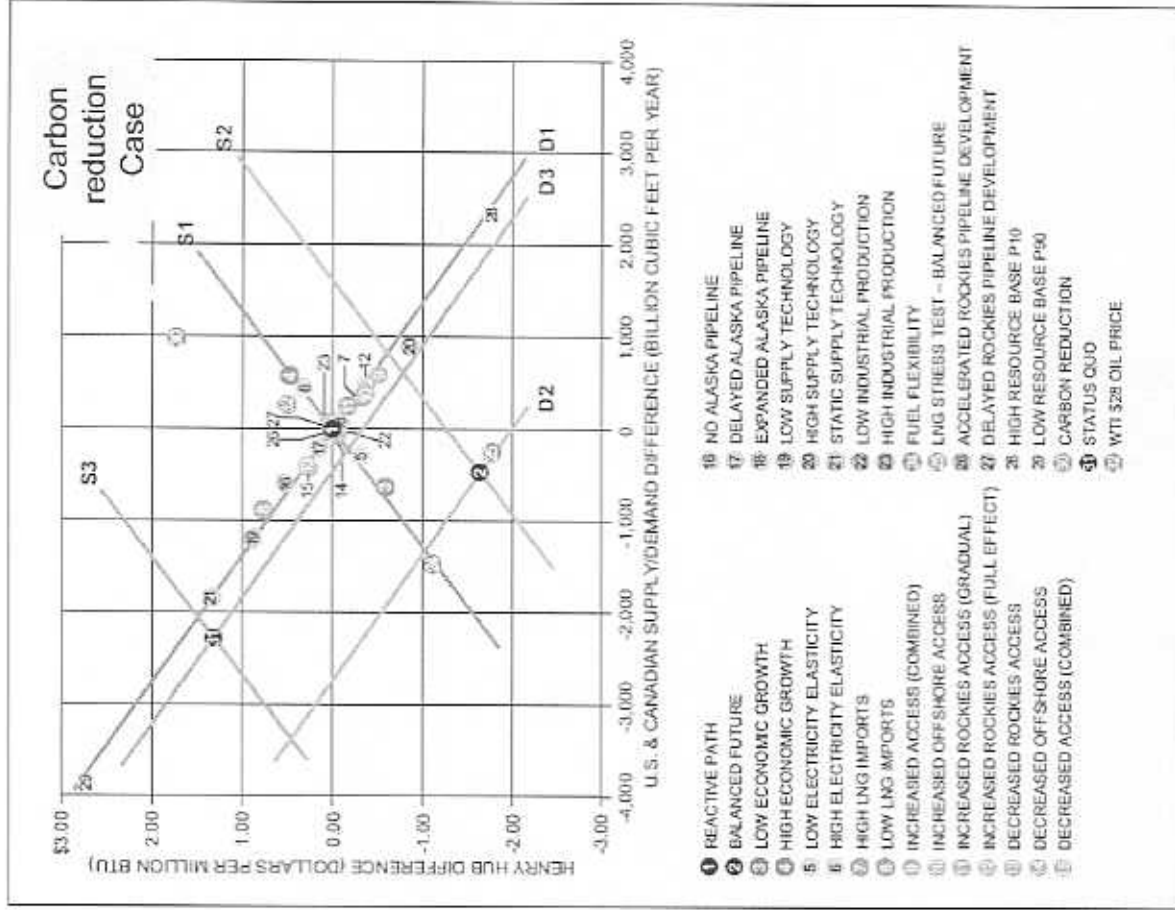


Figure 9-4. Selected Cases - United States and Canada (2011-2025 Averages)