



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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January 9, 2013

The Honorable Jeffrey Zients
Deputy Director for Management (Acting Director)
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Deputy Director Zients:

On behalf of the Industrial Energy Consumers of America (IECA), we are writing in support of the Environmental Protection Agency's Proposed Rule regarding the use of emergency engines in demand response in both the National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines ("RICE NESHAP") under Section 112 of the Clean Air Act (40 CFR 63 Subpart ZZZZ), and the agency's New Source Performance Standards ("NSPS") in 40 CFR 60 Subparts IIII and JJJJ. The proposed rules bolster electricity reliability, and in so doing will protect industrial workers from injury, and manufacturing processes from damages.

IECA is a nonpartisan association of leading manufacturing companies with \$1 trillion in annual sales and with more than 1.3 million employees worldwide. IECA members have over 900 facilities in the U.S. These facilities are substantial consumers of electricity. IECA membership represents a diverse set of industries including: chemical, plastics, steel, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, brewing, cement, agricultural equipment, and auto.

Reliability of electricity supply to industrial consumers is very important. If the power goes out in manufacturing facilities without warning, it becomes a safety issue for facility employees because many facilities have high pressure vessels and/or operate furnaces at thousands of degrees Fahrenheit. Also, product that is in the equipment can be damaged or ruined. Equipment can be either partially or permanently damaged resulting in lost production capacity. For large facilities, costs can quickly run into the tens of millions of dollars.

Given ever more comprehensive and stringent environmental regulation, demand response programs are becoming more critical to keeping our electric grid stable. During times of electricity shortages, many industrial facilities that consume significant amounts of electricity voluntarily participate in demand response programs that either curtail their electricity usage at the facility when demand is extremely high on the system or turn on emergency backup generators at the facility in order to lessen the need for power from the electricity grid.

Demand response events requiring emergency engines are rare. For example, the only time the regional grid operator in New England has ever called a system-wide emergency using

emergency generators was on August 2, 2006 – for a total of 3.75 hours. If demand response had not been available that day, the electric grid could have been lost, taking hours or days to restore. Manufacturing facilities, their workers and communities could have been adversely affected. When blackouts occur, all emergency generators are turned on, not just those that participate in the emergency demand response program. It is both environmentally and economically preferable to use a subset of permitted generators in an emergency demand response program, rather than to have many more generators – permitted and unpermitted – all operated at once during a blackout.

In addition to keeping our electricity grid stable, demand response programs are vital for controlling electricity costs for consumers. For example, the PJM Independent Market Monitor estimated that if no demand response and energy efficiency had bid into the market, consumers in the 13 state PJM market would have paid almost \$12 billion more in the 2013-2014 capacity year. We commend you and your staff for taking the time and effort to understand the importance of demand response and its role in maintaining electric reliability across our country, and for making the changes embodied in the Proposed Rule. We urge you to finalize the Proposed Rule as quickly as possible.

Thank you for your consideration of these views.

Sincerely,

Paul N. Cicio
President

cc: Courtney Higgins, Office of Information and Regulatory Affairs (OIRA)