



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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February 15, 2017

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

***Re: Industrial Energy Consumers Urge Removal of Electric Transmission Projects from
“Emergency & National Security Projects”***

Dear Mr. President:

Thank you for your support of infrastructure projects and manufacturing jobs. However, recently, Governors have sent to you a list of “Emergency & National Security Projects” some of which are electric transmission projects. **As some of the largest industrial electric consumers in the U.S., we urge you to remove electric transmission projects from the list.**

These projects are driven by mandated state renewable portfolio standards (RPS) and federal subsidies for renewable energy production, such as the production tax credit (PTC). The cost of these projects will be directly passed onto us, the consumer, thereby increasing electricity prices and impacting manufacturing competitiveness. The federal government should not support projects that are paid for by socializing the costs of electric transmission. Many electric consumers will pay for these projects but few would benefit.

Electric transmission projects are not “Emergency & National Security” related projects in our view. In fact, renewable electricity capacity is unreliable and can weaken grid reliability. Transmitting renewable energy capacity into other markets can result in the shutting down existing baseload nuclear, coal, and natural gas-fired electric capacity. These existing generating assets are already included in our electric rates. Existing capacity of electric generation can reliably supply the market. Electric consumers, especially manufacturing companies, need reliable baseload power for security and safety. Industrial company electric demand is most often 24/7, which requires reliable power generation.

Renewable energy transmission projects move electricity from states that generate renewable power to other states for purposes of competing with local non-renewable electric power. This is a form of unfair competition because of the economic advantages of the PTC. The economic advantage is so great that sellers of renewable energy often sell their power to the grid for free and still generate a handsome profit.

According to the Energy Information Administration (EIA)¹, electricity demand will increase only 0.44 percent per year from 2016 to 2025. Low electric demand growth means that these expensive electric transmission projects are not needed for purposes of serving the needs of the electric consumer.

The real beneficiaries of the highlighted projects are a small group of companies who build and sell renewable energy – not the electric consumer. We would welcome the opportunity to discuss these projects.

Sincerely,

Paul N. Cicio
President

cc: The Honorable Lisa Murkowski, Senate Committee on Energy and Natural Resources
The Honorable Maria Cantwell, Senate Committee on Energy and Natural Resources
The Honorable Orrin Hatch, Senate Committee on Finance
The Honorable Ron Wyden, Senate Committee on Finance
The Honorable Greg Walden, House Committee on Energy and Commerce
The Honorable Frank Pallone, House Committee on Energy and Commerce
The Honorable Kevin Brady, House Committee on Ways and Means
The Honorable Richard Neal, House Committee on Ways and Means
The Honorable Cheryl A. LaFleur, Federal Energy Regulatory Commission
The Honorable Colette D. Honorable, Federal Energy Regulatory Commission
Greg White, National Association of Regulatory Utility Commissioners

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,300 facilities nationwide, and with more than 1.6 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through 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: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.

¹ "Electricity Sales by Sector," U.S. Energy Information Administration (EIA), Annual Energy Outlook (AEO) 2017, http://www.eia.gov/outlooks/aeo/tables_ref.cfm