



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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February 22, 2021

The Honorable Joe Manchin
Chairman
Committee on Energy and Natural Resources
U.S. Senate
Washington, DC 20510

Re: The Importance of Natural Gas to U.S. Manufacturing

Dear Chairman Manchin:

We have reviewed your February 11 letter to President Biden. This letter shares our views on these important matters. U.S. natural gas production and the shale gas drilling revolution is the singular most important factor in U.S. manufacturing competitiveness, investments, and job creation. U.S. natural gas has given manufacturing a competitive advantage over global competitors, many of which are subsidized by their own governments.

Manufacturing is the engine for U.S. economic growth. There are 13 million manufacturing workers, accounting for 8 percent of the entire workforce, which pays families sustaining wages and benefits that average over \$88,000 per year. Taken alone, manufacturing in the U.S. would be the seventh-largest economy in the world. For every \$1.00 spent in manufacturing, another \$2.74 is added to the U.S. economy. That is the highest multiplier effect of any economic sector.

- Using ethane to produce plastics and chemicals in the U.S. creates high paying jobs and high-valued added exports. Exporting ethane creates manufacturing jobs in the country which imports the ethane. Exporting ethane is a last resort and the least value-added option. The production of ethane feedstock is critical to the chemical and plastics industries. These important industries do not have a substitute for ethane.
- An all-of-the-above energy policy has resulted in a reduction of U.S. energy-related CO₂ emissions from 2005 to 2019 of 15 percent, while GDP has increased by 126 percent.
- The cost of energy and reliability are essential to manufacturing competitiveness. An all-of-the-above strategy encourages each energy source to compete with one another, which reduces energy costs to all consumers. Several state and federal policies tilt the playing field for one energy source versus another, which reduces competition and prevents markets from working efficiently. Natural gas, nuclear, and coal are reliable baseload or peaking electric generation resources.
- The manufacturing sector is dependent upon the oil and gas industry to supply natural gas, natural gas liquids feedstocks, and natural gas-fired power generation. In 2019, the

manufacturing sector consumed 27 percent of U.S. natural gas. According to the EIA, industrial consumption has increased from 6.8 trillion cubic feet (Tcf) in 2010 to 8.4 Tcf in 2019, a 24 percent increase.

- Manufacturers do not have an alternative to the use of natural gas as a fuel. Our equipment is not designed to use electricity. Plus, the cost of electricity on a Btu basis is significantly more expensive than natural gas.
- Manufacturing consumes 25 percent of U.S. power production. Natural gas consumption by the power sector has increased from 7.4 Tcf in 2010 to 11.3 Tcf in 2019, a 52 percent increase.

Thank you for your continued support of the U.S. manufacturing sector. We look forward to working with you.

Sincerely,

Paul N. Cicio

Paul N. Cicio
President and CEO

cc: Senate Committee on Energy and Natural Resources

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 4,200 facilities nationwide, and with more than 1.8 million employees. 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: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, independent oil refining, and cement.