



## **Industrial Energy Consumers of America**

*The Voice of the Industrial Energy Consumers*

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April 26, 2021

The Honorable Ron Wyden  
Chairman  
Senate Committee on Finance  
221 Dirksen Senate Office Building  
Washington, DC 20510

***Re: The “Clean Energy for America Act.” Investment Tax Credit (ITC) for Electric Transmission Infrastructure***

Dear Chairman Wyden:

Thank you for the introduction of the “Clean Energy for America Act.” As some of the largest industrial electricity consumers in the U.S., we are concerned about Section 102, the Clean Electricity Investment Credit and the 30 percent Investment Tax Credit (ITC) for electric transmission facilities. The ITC is not needed and unless consumer safeguards are added, consumers will likely pay for hundreds of billions of dollars for electric transmission projects that are not needed or are overpriced, which substantially increases electric costs for all consumers. Manufacturing competitiveness and jobs will be impacted.

Electric transmission costs are manufacturing’s highest increasing energy-related cost. As an example, in the last decade, PJM’s transmission costs increased from \$4.22 to \$10.39 per megawatthour (Mwh), which is an increase of 145 percent. In the last five years, the costs increased from \$7.69 to \$10.39 per Mwh or 35 percent. Other RTOs and ISOs have similar cost increases.

The assumption that a financial incentive is necessary for companies to invest in electric transmission is not correct. Companies have easy access to low-cost capital for transmission projects. The major barrier to building-out the grid is the failure to implement planning and permitting processes. This is a matter that the Federal Energy Regulatory Commission (FERC) needs to address.

Electric transmission projects receive generous guarantee high return on equity (ROE) on capital for the life of the asset. State and federal wholesale electric market regulations award generous ROEs that range from 10 to 15 percent. These high ROEs are sufficient incentive to attract capital without an ITC. Most manufacturing business ROEs are in the single digits.

To meet national climate GHG emissions reduction goals, hundreds of billions of dollars of transmission projects would be needed. President Biden’s “American Jobs Plan” calls for the buildout of at least 20 gigawatts of high-voltage capacity power lines. Princeton University’s December 2020 study “Net Zero America” states that high-voltage transmission capacity will

need to be expanded by roughly 60 percent at an estimated cost of \$350 billion. We urge you to be prudent to protect consumers.

If you do proceed with the ITC, we would urge you to insert a provision which requires that all electric transmission projects that receive the ITC be competitively bid. The FERC can verify that when transmission projects are competitively bid, it reduces costs to consumers. To this point, several state utilities have used their influence over state policymakers to put in place Right of First Refusal (ROFRs) provisions that block competitive bidding of transmission projects, over the objections of consumers. Importantly, ROFRs exist in states with large wind and solar resources.

We encourage you to hold a hearing on this matter. Given the magnitude of the transmission spending that will be needed to achieve U.S. climate goals, unless this matter is handled correctly, consumers will be saddled with high electric prices for decades to come and manufacturing competitiveness will be impacted. We look forward to working with you on this matter.

Sincerely,

*Paul N. Cicio*

Paul N. Cicio  
President & CEO

CC: Federal Energy Regulatory Commission  
Senate Committee on Finance  
Senate Committee on Energy and Natural Resources  
House Committee on Ways and Means  
House Committee on Energy and Commerce  
The Honorable Jennifer Granholm

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*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.*