



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

1776 K Street, NW, Suite 720 • Washington, D.C. 20006
Telephone (202) 223-1420 • www.ieca-us.org

May 15, 2015

The Honorable John Thune
U.S. Senate
511 Dirksen Senate Office Building
Washington, DC 20510

Re: IECA Supports S. 751, the "CASE Act"

Dear Senator Thune:

On behalf of the Industrial Energy Consumers of America (IECA), we support passage of S. 751, the "CASE Act." IECA companies support healthy air. However, the EPA is still in the process of implementing the 2008 standard, and an estimated 101 million Americans are still living in areas of non-attainment under the 1997 standard. IECA believes it is premature for EPA to implement a new lower standard until the existing standard is fully achieved. That said, of great concern is that EPA has not provided the adequate recent health impact studies to justify lower limits at this time.

EPA has estimated costs of the proposed rule to be \$3.9 billion for a standard of 70 ppb or \$15 billion for a standard of 65 ppb. However, a recent study¹ by the National Association of Manufacturers stated that a 65 ppb standard could have potential costs of almost \$1.1 trillion, making it the most expensive regulation in history.

Recent economic research indicates that the real-world consequences of non-attainment status can be severe and far reaching:

- Plants in non-attainment areas experienced a 4.8% decline in total factory productivity, equivalent to approximately \$21 billion per year.²
- U.S.-based multinational firms increased their foreign production by 9% and their foreign assets by 5% in response to tougher regulation under the Clean Air Act Amendments.³
- Following a non-attainment designation, the average worker in a regulated sector experienced a total earnings loss equal to 20% of their pre-regulatory earnings.⁴

IECA companies are energy-intensive trade-exposed (EITE) industries, which means that relatively small changes to the price of energy can have significant negative impacts to our competitiveness. EITE industries consume 73 percent of the entire manufacturing sector's use of electricity (26% of U.S.), 75 percent of the natural gas (29% of U.S.), and 82 percent of all energy from the manufacturing sector.

¹ "Economic Impacts of a 65 ppb National Ambient Air Quality Standard for Ozone," NAM, February 2015, [http://www.nam.org/Issues/Energy-and-Environment/Ozone/Economic-Impacts-of-a-65-ppb-NAAQS-for-Ozone-\(NERA\).pdf](http://www.nam.org/Issues/Energy-and-Environment/Ozone/Economic-Impacts-of-a-65-ppb-NAAQS-for-Ozone-(NERA).pdf).

² Greenstone et al. (2012).

³ Hanna (2010).

⁴ Walker (2013).

In NAM's analysis under a 65 ppb standard, Henry Hub natural gas prices are slated to go up 3.7%, and industrial natural gas delivered prices are forecasted to go up 6.3%, with industrial electricity prices going up by 2.8%.

The implications of a lower ozone standard are significant because it increases costs, and may require reduced product output, and potentially stop manufacturers' ability to expand their facilities.

We thank you for your leadership on this important legislation and look forward to working with you.

Sincerely,

Paul N. Cicio
President

cc: Senate Committee on Environment and Public Works

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,900 facilities nationwide, and with more than 1.4 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, brewing, independent oil refining, and cement.