



## **Industrial Energy Consumers of America**

*The Voice of the Industrial Energy Consumers*

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May 16, 2022

The Honorable Richard Glick  
Chairman  
Federal Energy Regulatory Commission  
888 1st Street, NE  
Washington, D.C. 20426

Dear Chairman Glick:

On behalf of the member companies of the Industrial Energy Consumers of America (IECA), of which 100 percent are from the manufacturing sector, we urge you to immediately issue the NOPR that would reverse the state demand response Opt Out for load flexibility to avoid high electricity costs and avoid serious reliability problems as early as this summer. Your action will reduce inflation, electricity costs, and improve reliability. Recent announcements by the Midcontinent Independent System Operator (MISO) are a case in point.

We have thousands of manufacturing facilities throughout the MISO states. As you are aware the MISO 2022/2023 Planning Resource Auction (PRA) recently cleared at \$236.66 MW day. This is in sharp contrast to the previous auction that cleared at \$5.00 MW day. This radical increase in price is a direct result of an estimated 1.2 GW of capacity shortfall in MISO pricing zones 1-7. The FERC's inaction to eliminate the state demand response Opt Out has contributed to the crisis.

The impact of these unprecedented price spikes is that industrial and commercial customers who can engage in demand response will soon experience exorbitant increases in demand charges in our electricity bills. Another predicted impact of these capacity shortfalls, as stated by MISO management recently,<sup>1</sup> are summer emergencies and load shedding. This impact could close factories and cost jobs. Disruptions of electricity supply can cost a manufacturing facility tens of millions of dollars per day. These are not trivial costs.

The FERC has the ability to help rectify this dire situation by expeditiously issuing a NOPR to reverse the state demand response Opt Out for load flexibility. This would

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<sup>1</sup> MISO Warns of Summer Emergencies, Load Shedding, RTO Insider LLC, May 1, 2022, <https://www.rtoinsider.com/articles/30044-miso-warns-summer-emergencies-load-shedding>

have the immediate impact of allowing our facilities in Opt Out states (12 states in MISO, and 1 outside MISO) to participate in emergency resource programs in MISO that could mitigate the need for load shedding and other emergency actions. Whether this will be in time for the impending crisis this summer is dependent on how quickly the FERC can move to eliminate the Opt Out. We estimate that among our group alone, we have hundreds of megawatts that could contribute to solving this crisis facing all consumers in MISO.

We believe that your action will impact the next PRA in MISO and help to drive down prices of which all consumers will benefit. This could ensure that our factories continue to operate and maintain jobs at a time when our economy desperately needs the assistance.

We look forward to your response.

Sincerely,

Paul N. Cicio  
*Paul N. Cicio*  
President & CEO

cc: The Honorable Jennifer Granholm  
Senate Committee on Energy and Natural Resources  
House Committee on Energy and Commerce

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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 11,700 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.*