



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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May 19, 2021

Re: HB 4074 – Support for Cost-Effective Electricity Transmission, and Growing Manufacturing Jobs and Investments

On behalf of our member companies operating in Illinois, we are writing to urge your support in ensuring a cost-competitive transmission market in Illinois. While we cannot endorse HB 4074 in the whole, we specifically and strongly support the language on page 398, lines 10-15 of the bill that will benefit Illinois by increasing competition in transmission development and reduce costs to ratepayers, by clarifying that the legal doctrine of “first in field” should not apply to transmission development. Given that the Illinois’ manufacturing sector consumes 31 percent¹ of all electricity, finding ways to keep these costs reasonable will promote economic growth and facilitate the implementation of the State’s energy policy.

Transmission costs are the fastest growing component of our electricity bills. Meeting the goals of the state’s clean energy goals will require significant upgrades to and expansion of the electric transmission system. Research and statistics from a broad group of sources shows that subjecting electric transmission projects to competition, reduces the cost of transmission projects by about 20 to 30 percent through construction cost caps and other concessions beneficial to ratepayers. Illinois should reap rewards from (rather than resist) consumer-beneficial competitive pressures in transmission and should take an active role in this key aspect of the clean energy transition. We are not saying do not build transmission, just ensure each project is competitively bid.

With such a change, Illinois policymakers can send a clear signal to vital businesses and industries that the Land of Lincoln welcomes economic growth and will make the changes necessary to promote a clean, affordable supply of energy for all consumers.

House Bill 4074 and Senate Bill 2896 included **two** important edits that increase competitive pressures in transmission. It does so by removing barriers to development by entities that are not incumbent utilities.

First, it adds 13 words into Section 3-105(a) of the Public Utilities Act to explicitly allow new entrants to apply to become a public utility, concurrent with their certificate of public convenience and necessity application for the construction of new transmission facilities. The Illinois Commerce Commission retains all control to accept or reject any such application, and this policy is consistent with the practice of many other states.

Second, it clarifies that an arcane 1954 Illinois legal doctrine known as “first in the field” should not be twisted to block new competitively-awarded transmission developers from entering the

¹ Data from the U.S. Energy Information Administration (EIA)

state. A sentence in Section 8-406 of the Public Utilities Act is added that the 1954 First-in-the-Field doctrine does not apply to transmission projects from federally-regulated competitive bidding process. In the past, both these legal arguments have been made – blocking some transmission development and adding unnecessary risk to other projects. The result has been inappropriate and pointless litigation that slows down the clean energy transition and threatens new entrants attempting to enter Illinois with the risk of baseless litigation.

The two limited changes, which will bring competitive pressures in Illinois transmission development, can be found in House Bill 4074/Senate Bill 2896 on page 398, lines 10-15 and page 510, lines 11-15.

Continued existence of these technicalities only enrich the incumbent utilities at the expense of Illinois ratepayers. These two limited changes in House Bill 4074/ Senate Bill 2896 are in the public interest. We strongly support these changes.

We support and urge that any ultimate energy legislation coming out of this spring session should contain language to address electric transmission competition. We also urge consideration of the concerns raised about pending energy legislation raised by the industrial community in Illinois at large.

Thank you for supporting manufacturing jobs and investments.

Sincerely,

Paul N. Cicio

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President and CEO

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.