



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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June 5, 2012

The Honorable Harry Reid
Majority Leader
U.S. Senate
522 Hart Senate Office Bldg
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

Re: Senate Joint Resolution of Disapproval 37 – Mercury and Air Toxics Standards (Utility MACT) Regulation

Dear Majority Leader Reid and Minority Leader McConnell:

On behalf of the Industrial Energy Consumers of America (IECA), we urge the Senate to support Joint Resolution of Disapproval 37, the Mercury and Air Toxics Standards (Utility MACT) Regulation. The EPA Utility MACT regulation is forecasted to result in unprecedented costs of \$90 billion over the next six years that will get passed onto consumers of electricity, impacting competitiveness, manufacturing jobs and electric reliability. Compounding the problem is that the manufacturing sector has numerous other EPA regulations that are being simultaneously imposed on us, driving up our costs. How can we create jobs when regulatory driven costs continue to escalate at unprecedented levels?

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$700 billion in annual sales and with more than 650,000 employees nationwide. IECA membership represents a diverse set of industries including: chemicals, plastics, cement, paper, food processing, brick, fertilizer, insulation, iron and steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

Given the soft U.S. economy and troubling global economic headwinds, this is not the time for imposing higher costs on the manufacturing sector. Obviously, our foreign competitors will not have these costs and they will gain relative competitiveness and market share. Higher costs directly threaten U.S. manufacturing jobs and exports.

Furthermore, it is obvious that EPA, through this rule and others, is dictating not just environmental policy, but energy and economic policy as well. Energy, economic and environmental policy is the jurisdiction of Congress – not the EPA. We urge the Senate to take a leadership role in the economic welfare of this country; stop this unnecessarily costly rule and pursue, for example, mercury regulation that is cost-effective.

The potential impact to electric reliability is real and highlights yet another unnecessary risk and cost that is being imposed by the EPA. Here again, the EPA does not have jurisdiction over the reliability of the grid, yet they are dictating whether or not every American has reliable power – or not! Even if the EPA gives the utilities four years to comply, the risk for grid failure will be

higher than it has ever been in our lifetimes. The reason is that this rule is forcing too much change too quickly for an industry that is capital intensive. The amount of coal-fired generation that is shutting down took decades to build and it will need to be shut down and replaced in just four years. And, many of the remaining coal generation facilities that will need to retrofit with compliance technology will have to shutdown during the same time period to do so – raising reliability concerns. Given these significant changes that will need to happen all at the same time and almost all over the country, what happens if we have a severe summer or winter and peak demands? The point is – EPA is putting us at risk and they should not.

Reliability is critically important to manufacturing as a safety and cost issue. Many industries operate manufacturing processes that run at high pressure and temperatures. If the power goes out without warning – it becomes a safety issue for the employees. It also potentially becomes a very high cost. Product can become either partially or completely unsalable. The manufacturing equipment may become either partially or completely destroyed. Loss of production can easily run in the 10s of millions of dollars per day based upon the size of the operation.

Lastly, what is also different about this issue and why risk is high – is the dependency by the states and regions upon one another. All are dependent upon other states or regions for supply of power and/or backup power. And, if one area has a problem, as we have seen in the past, there is a potential for cascading power outages. We know, having talked to many of you that some electric utilities are saying that they are not going to have a problem, but what you need to ask them is where they get their backup power and can they guarantee reliability of supply. We find that in many regions they simply do not know. This is troubling to us and it should be to you as well.

Thank you for taking these matters into consideration. We urge you to not put our competitiveness and reliability at risk.

Sincerely,

Paul N. Cicio
President

cc: U.S. Senate