



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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June 18, 2020

The Honorable Neil Chatterjee
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

***Re: Technical Conference on Carbon Pricing in Organized Wholesale Electricity Markets
Docket No. AD20-14-000***

Dear Chairman Chatterjee:

The pricing of carbon can have a direct impact on the cost of electricity to the manufacturing sector. Therefore, we are interested in playing a role in the Technical Conference on Carbon Pricing in Organized Wholesale Electricity Markets.

In our May 20, 2020 letter to the Commission, we stated that IECA does not take a position on whether the Commission should or should not have a technical conference. However, any consideration of establishing a price on carbon must consider the impacts to the U.S. manufacturing sector and especially the energy-intensive trade-exposed (EITE) industries. For EITE industries, small changes to the price of electricity can have relatively large impacts to competitiveness, jobs, and investment.

The manufacturing sector contributes \$2.4 trillion to the U.S. GDP and 12.8 million jobs. The U.S. manufacturing sector consumes approximately 25 percent of our nation's electricity.

Because EITE industries are energy-intensive, if electricity costs increase and manufacturers can no longer compete, they will move their production and/or facilities to other states or offshore to survive. When they move offshore, they take thousands or potentially millions of jobs from the U.S. and shift GHG emissions to other countries, accomplishing nothing environmentally. This phenomenon is called "industrial GHG leakage." State-by-state or region-by-region carbon policy also has the potential for companies to shift their production, thereby shifting electricity demand.

Therefore, any carbon price regime will need to ensure that these companies are not disadvantaged to their competitors. Carbon policy must include leakage mitigation considerations, whereby the cost of the carbon is rebated to the manufacturing company.

Thank you for considering these matters.

Sincerely,

Paul N. Cicio
President

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 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: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.