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July 14, 2023

The Honorable Willie L. Phillips  
Chairman  
Federal Energy Regulatory Commission  
Washington, DC 20426

The Honorable Allison Clements  
Commissioner  
Federal Energy Regulatory Commission  
Washington, DC 20426

The Honorable James Daly  
Commissioner  
Federal Energy Regulatory Commission  
Washington, DC 20426

The Honorable Mark C. Christie  
Commissioner  
Federal Energy Regulatory Commission  
Washington, DC 20426

***Re: Support for Technical Conference on Electricity Reliability and Cost Impacts of the EPA's Proposed Clean Power Plan 2.0***

The consequences of EPA's proposed Clean Power Plan 2.0 on electricity reliability and costs has U.S. manufacturing companies very concerned. We urge the Federal Energy Regulatory Commission (FERC) to hold a series of Technical Conferences with market and technology experts to examine its impacts and to inform the EPA's decision making. We also urge the FERC to encourage the EPA to push back the deadline for comments, which is currently set for August 8, 2023. The Technical Conference will provide invaluable input that should be considered by the EPA.

The EPA's proposed rule adds increased reliability uncertainty on top of existing reliability realities and its Carbon Capture and Sequestration (CCS) technology solution imposes unreasonable financial risks and costs to electric generators that will render rates to consumers that are unjust and unreasonable.

Congress granted the FERC with the responsibility for reliability of the electrical grid and to ensure just and reasonable rates for consumers. We note that in recent months there have been multiple reports by the North American Electric Reliability Corporation (NERC), PJM, MISO, and others that have addressed increasing reliability concerns. And, during the May 4, 2023 Senate Committee on Energy and Natural Resources hearing, Chairman Phillips, Commissioner Danly, and Commissioner Christie all expressed concerns about electricity reliability.

Please consider the following points:

The manufacturing sector consumes 25 percent of U.S. electricity, employs 13 million people, and generates \$2.7 trillion dollars in GDP annually.

One, in the event of inadequate power supply, the manufacturing sector is always the first to be curtailed. When we lose access to power there are serious financial and safety implications. Loss of power can damage equipment and products and cost a facility tens of millions of dollars per day. For certain types of facilities, a sudden loss of power may also present unsafe conditions for employees.

Two, all costs of the EPA's proposed rule will be passed onto us, directly impacting competitiveness and jobs. Costs matter and impact our ability to compete with imported products that are often subsidized by other governments.

To this point, we are concerned that the EPA's proposed rule technology solutions are not commercially available and/or are so expensive to the extent that existing units of fossil-based electricity generation will not be able to operate, and this will impact reliability. And it will be too expensive to build and operate new fossil fuel generation units. Our grid needs dispatchable electric generation to keep the lights on.

Today, in certain regions, coal, nuclear, and some natural gas electricity generation cannot compete with federally subsidized wind and solar that is bid into the wholesale market electric queue. As a result, many of these generation units have shutdown. Under the EPA's proposed rule, coal and natural gas-fired generation units will be burdened with even higher costs due to CCS and hydrogen, rendering them unable to compete and shutdown.

Three, we are aware of only one electric generation facility operating in North America that is currently using CCS, and recent news reports suggest that it plans to shut down. It is capturing 65-70 percent of the carbon dioxide, while the EPA's rule requires 90 percent capture. Carbon capture is very expensive, it is limited to specific physical locations, and this speaks to the questionable state of commercial status, cost effectiveness, and availability for use by the power sector across the U.S. CCS facilities would face significant permitting challenges and commercial readiness. Finally, the assumption that federal tax credits will always be available to reduce the cost of CCS is an unreasonable assumption.

Reliance on the use of CCS represents unreasonable financial risk for electric generators that U.S. consumers will be asked to absorb. These risks will most certainly NOT lead to just and reasonable rates for consumers.

Many manufacturing companies produce hydrogen and the technology is commercially available. But it is an expensive replacement for Btus of energy to replace Btus of coal or natural gas. No one we know is projecting breakthrough technology that would lower the cost of hydrogen to allow it to compete with, for example, natural gas on a cost basis.

Four, there is an underlying EPA assumption that more renewable energy generation is the solution. We support a less carbon intensive grid. But we are a long way from having the transmission and storage capacity to assure reliability. We are concerned that the EPA's timetable for reduction in use of fossil-based electricity generation is not consistent with commercial, technological, and cost realities.

Lastly, our nation's power grid is complex. We do not believe the EPA has sufficient knowledge and modeling capability of the electricity market to properly analyze the impacts of the rule to reliability and costs. We believe the costs of the rule are greatly underestimated.

We urge that you hold a series of Technical Conferences which examine the potential impact of the EPA's proposed rule to U.S. electricity reliability and costs. We look forward to working with you to ensure reliability and just and reasonable rates.

Sincerely,

Paul N. Cicio

*Paul N. Cicio*

President & CEO

cc: Senate Committee on Energy and Natural Resources  
House Committee on Energy and Commerce  
The Honorable Jennifer Granholm, U.S. DOE  
The Honorable Michael Regan, U.S. EPA

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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 12,000 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.*