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September 8, 2021

The Honorable Thomas R. Carper  
Chairman  
Committee on Environment and Public Works  
U.S. Senate  
Washington, DC 20510

The Honorable Shelley Moore Capito  
Ranking Member  
Committee on Environment and Public Works  
U.S. Senate  
Washington, DC 20510

***Re: Methane Emissions Reduction Act of 2021***

Dear Chairman Carper and Ranking Member Capito:

In 2020, the U.S. manufacturing sector consumed 33 percent of the United States' production of natural gas.<sup>1</sup> We do not have an alternative. Natural gas is an irreplaceable and foundational component of American manufacturing. This means that all regulatory costs imposed upon the natural gas and natural gas liquid feedstock producing industry, including the \$1,800 per ton methane tax, will be passed on to consumers, thereby directly impacting the competitiveness of American manufacturers. For that reason, we do not support including the Methane Emissions Reduction Act of 2021 in the reconciliation bill as a pay-for. However, we do strongly support EPA's regulation of methane under the Clean Air Act, which we believe will significantly reduce methane emissions and will do so more cost-effectively than the proposed new methane tax.

The Industrial Energy Consumers of America (IECA) 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. One hundred percent of IECA's membership is manufacturing companies. 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.

The proposal would tax methane emissions at \$1,800 per ton in 2023, increasing 5 percent above inflation annually. The proposal also includes fees for individual companies assessed via a complicated formula based on their share of production or handling (not actual emissions) and the average emissions intensity in the oil and gas basin in which they operate. This complex new tax on energy producers would be imposed on methane emissions that are already coming under EPA regulation, which essentially creates double regulation.

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<sup>1</sup> Natural Gas Consumption by End Use, U.S. Energy Information Administration, [https://www.eia.gov/dnav/ng/ng\\_cons\\_sum\\_dcunusm.htm](https://www.eia.gov/dnav/ng/ng_cons_sum_dcunusm.htm)

The methane fee proposal could amount to tens of billions of dollars in new taxes each year, harming manufacturers' competitiveness and putting American jobs at risk. Given that the methane fee proposal has not been the subject of a Congressional hearing, we encourage you to hold a hearing and fully examine its potential impacts before allowing it to move forward. It is important to hear from consumers on this issue.

The EPA and several states already directly regulate methane emissions from the natural gas sector, and the EPA is planning additional regulations later this year. Direct regulation of methane is the best method to implement such a government policy and to do so in an equitable manner that is tied to actual emissions.

Thank you for considering our input.

Sincerely,

Paul N. Cicio

*Paul N. Cicio*

President & CEO

cc: The Honorable Charles E. Schumer, U.S. Senate  
The Honorable Mitch McConnell, U.S. Senate  
Senate Committee on Environment and Public Works  
Senate Committee on Finance