



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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September 22, 2017

The Honorable Fred Upton
Chairman
Subcommittee on Energy, Committee on
Energy and Commerce
U.S. House of Representatives
2183 Rayburn House Office Building
Washington, DC 20515

The Honorable Bobby L. Rush
Ranking Member
Subcommittee on Energy, Committee on
Energy and Commerce
U.S. House of Representatives
2188 Rayburn House Office Building
Washington, DC 20515

Re: Public Utility Regulatory Policies Act (PURPA)

Dear Chairman Upton and Ranking Member Rush:

Thank you for the opportunity to testify before the Subcommittee on Energy on September 6 regarding the Public Utility Regulatory Policies Act (PURPA). PURPA's use by the industrial sector is so important to our competitiveness that we wanted to reinforce four key points since the Subcommittee plans to draft legislative changes later this year.

First, industrial QF facilities are not in the business of generating and selling power. This stands in stark contrast to renewable energy facilities whose business model is to generate electric power and then sell it at the highest price possible. We are in the business of producing and selling manufactured products and the Energy Information Administration's (EIA) data illustrates that most of the power generated is consumed internally. Manufacturers generate only 14.7 percent of the electricity that we consume. Total industrial combined heat and power (CHP) capacity has remained essentially flat for 18 years and electricity generation output has declined.

Second, for industrial QF facilities, PURPA is just as important today as it was when first enacted in 1978. Without PURPA, industrials would not be able to cogenerate steam and electricity cost-effectively, which improves global competitiveness, investment, and jobs. CHP and waste heat recovery (WHR) facilities are the backbone of the manufacturing site and QFs are designed and engineered for specific manufacturing sites. No two units are alike, because each manufacturing facility has differing steam energy and electricity demands.

Third, both CHP and WHR processes are substantially more environmentally friendly than conventional fossil fuel electric generation. Because manufacturing facilities typically operate 24/7, they are some of the most reliable sources of energy connected to the grid.

And fourth, by design PURPA fosters competition within the electric generation industry. Healthy competition and a level playing field is a good thing and consumers benefit. As you move forward, please take great caution to not damage this element of PURPA. In our opinion, the motive of some electric generators to repeal or reform PURPA is more about raising barriers to entry, reducing competition, and trying to make it easier for some to build generation units themselves for purposes of adding that capital to their own rate base and earn a return on investment (ROI).

We look forward to working with you to address these important issues. We reaffirm our view that IECA is not asking for changes to PURPA. However, if policymakers do move forward, we ask for support of the recommendations in our testimony.

Sincerely,

Paul N. Cicio
President

cc: House Subcommittee on Energy

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,600 facilities nationwide, and with more than 1.7 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.