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October 3, 2023

The Honorable John Hickenlooper
U.S. Senate
374 Russell Senate Office Building
Washington DC 20510

RE: BIG WIRES Bill

Dear Senator Hickenlooper:

The Industrial Energy Consumers of America (IECA) is writing to share with you its concerns with the proposed BIG WIRES bill that you recently introduced. IECA members are large manufacturers with 12,000 facilities across the United States and our views reflect that of all manufacturing companies that consume 25 percent of U.S. electricity. IECA members depend on access to reliable and affordable electricity to power their manufacturing processes. IECA appreciates you proposing legislation that includes a stated objective of expanding access to “competitively sourced, low-cost, reliable energy for industrial, commercial, and residential energy customers nation-wide.” IECA shares that objective. However, IECA has serious doubts that the proposed legislation will deliver on that stated objective and cannot support the legislation as written.

High-voltage transmission facilities are very expensive. IECA is deeply concerned that BIG WIRES will equal BIG COST to electricity consumers. This concern is well-grounded in recent experience. Transmission charges are the fastest growing component of electricity consumers’ bills. In some regions of the country, transmission rates have increased exponentially with rate increases of 100 to as high as 231 percent in seven years while electricity demand has remained flat.

The absence of any meaningful review of transmission investments, the formula transmission rate process adopted by the Federal Energy Regulatory Commission (FERC), allowance for high returns on equity, and incentives granted by FERC have all contributed to this exponential increase. And the exponential increases in transmission rates have not been offset by decreases in other components of consumers’ electricity bills. Electricity price inflation is already a serious problem. The 12-month electricity rate is running 6.3 percent ahead of Consumer Price Index energy commodities.¹

Congress should be focused on reductions, not further increases to electricity consumers’ transmission rates. IECA is especially concerned that mandatory increases in interregional transfer capability to some arbitrary percentage between 15% and 30% of coincident peak load will result in further dramatic increases to transmission rates. And the BIG WIRES bill does not condition such

¹ ETCC: <https://electricitytransmissioncompetitioncoalition.org/press-release/>

minimum interregional transfer capability on any evidentiary-based demonstration of tangible and sustained benefits that exceed the cost of the additional transmission investment. Rather, the bill imposes only an aspirational standard on FERC (i.e., “. . . shall endeavor . . .”) to “reduce the cost of delivered power to ultimate consumers by increasing access to low-cost generating resources.” Electricity consumers are at risk of being saddled with the BIG COST of BIG WIRES with no guarantee that the transmission investment will deliver net benefits to electricity consumers over the life of the new transmission facilities.

Also noticeably absent from the bill is any provision that would require that any interregional transmission investment be competitively bid to reduce costs to consumers. IECA is a founding member of the Electricity Transmission Competition Coalition (ETCC), an organization with 92 consumer groups from across the country which has vigorously advocated for broad expansion of competition for all new transmission facilities rated at 100 kV and above. If interregional transmission investment is necessary, and is guaranteed to deliver net benefits to consumers, then the new investment must be subject to competition, to optimize the net benefits from those new facilities.

In short, the BIG WIRES Act, as drafted, does not, in IECA’s view, include the necessary protections to ensure that it is consumer-friendly.

IECA appreciates your consideration of its concerns, which are concerns that are shared broadly by many electricity consumers. For absolute clarity, we support building new transmission lines if they can be justified, in a transparent process, and can be constructed by subjecting lines that are 100 kV or larger to competitive bidding to lower costs. If you have any questions, please contact me at your convenience. Thank you.

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: Senate Committee on Energy and Natural Resources
FERC Chairman and Commissioners

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.