INDUSTRIAL ENERGY CONSUMERS OF AMERICA COMMENTS ON THE "EPA'S CLEAN POWER PLAN FEDERAL IMPLEMENTATION PLAN"

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My name is Paul Cicio and I am the President of the Industrial Energy Consumers of America (IECA), a not-for-profit trade association whose member companies are energy-intensive and trade-exposed, which means that relatively small changes to the price of electricity can have significant negative impacts to our ability to compete with imported products, thereby negatively impacting middle class jobs. No other sector of the economy is directly impacted this way. These industries consume 73 percent of the entire manufacturing sector's use of electricity and 26 percent of the total U.S. electricity consumption. The EPA's proposed Clean Power Plan (CPP) Federal Implementation Plan (FIP) rule affects us uniquely.

The manufacturing sector is important, contributing over $2.0 trillion to the economy and 12 percent of GDP, and employing over 12 million direct jobs and over 5 million indirect jobs.

IECA member companies are not averse to addressing climate change as long as policies do not impact our ability to compete. Manufacturing is the only sector of the entire U.S. economy with GHG emissions that are below 1973 levels, which illustrates that we are doing our part to address climate change. Nonetheless, we will pay for up to a third of the cost of compliance of this rule.

A November 2015 study conducted by NERA Economic Consulting found that the EPA's Clean Power Plan would impose up to $292 billion in compliance costs, which would be passed onto us the consumer in the form of nationwide annual retail electricity rate increases between 11 to 14 percent per year. These very high annual increases stand in contrast to historic electricity price changes. According to the Energy Information Administration (EIA), from 2004 to 2014, the average annual electricity rate increase averaged only 3.7 percent per year.

U.S. manufacturing has continued to struggle to compete with imported products and the cost of the Clean Power Plan and FIP will make it even harder. The 2014 U.S. manufacturing trade deficit stood at $524 billion dollars and 70 percent of the deficit is with one country, China. While China's manufacturing jobs have increased by 31.5 percent since 2000, U.S. manufacturing jobs have declined by 21.6 percent. How can the Obama Administration expect us to increase high paying middle class jobs when we are burdened with increasing costs?

China's manufacturing sector emits 324 percent more GHG emissions per unit of value added than U.S. manufacturing. The take away is, if the goal is less CO2 emissions - we need to make those products here, in the US. The solution is something we haven't heard from the Administration/EPA. The FIP must contain measures to level the playing field with global competitors.

Offshore competitors, who import product into the U.S., must be held to the same environmental standards as domestic manufacturers, or the U.S. economy and jobs will suffer while global CO2 emissions will increase. That is a "lose-lose" proposition.

The rule is legally controversial. Officials from 27 states have filed legal challenges to the CPP and 24 states have filed legal challenges to the new source rule. Also bringing suit against the EPA are 24 national trade associations, 37 rural electric cooperatives, 10 major companies, and 3 labor unions.

We offer the following comments specific to the proposed FIP:

1. The deadline for filing a SIP should be one year from the release of the FIP to give states more time to decide whether to alter their SIP or go with the FIP.
2. EPA should not force pre-mature investments by utilities before all legal challenges have been resolved.
3. Ensure lowest cost of compliance. One size does not and cannot fit all.
4. Include a provision to avoid industrial GHG and job leakage.
5. Ensure that the FIP does not impact electricity and gas reliability.

Thank you.