



Industrial Energy Consumers of America
The Voice of the Industrial Energy Consumers

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July 20, 2011

The Honorable William Daley
Chief of Staff to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. Daley:

On behalf of the Industrial Energy Consumers of America (IECA), we urge the Administration to delay implementation of the Environmental Protection Agency (EPA) final rule to tighten existing National Ambient Air Quality Standards (NAAQS) for ozone until 2013, the next scheduled review. Without a delay, most of the country will be classified as being in non-attainment that will stifle - if not stop investment in manufacturing facilities that create jobs and exports. Anticipation of this rule is already having the impact of creating significant investment uncertainty. Given our job-less recovery, this is hardly the time to implement a regulation that is not scheduled until 2013.

For clarity, IECA member companies are not opposed to responsible air emission rules that are needed to protect human health. The concern is that EPA is prematurely implementing a new standard in advance of the timeline required by the Clean Air Act. In fact, the scientific panel convened by EPA to review the latest scientific evidence hasn't even finished their analysis as to whether new lower requirements are needed or at what level. Air regulations must be based upon sound science.

EPA estimates the rule to cost between \$20 and \$90 billion annually depending upon the level of the standard selected by EPA, making it the most expensive rule yet imposed upon industry. Given the magnitude of these costs, we urge caution because of its implication to the fragile US economy and to the manufacturing sector.

Of great concern is that the cost of the rule will not be imposed upon our international competitors who import product into the US - directly impacting our ability to compete. The rule will also raise transportation costs, increasing raw material input and delivery costs. Lastly, the cost of this rule combined with the costs of all of the other EPA rules will increase the impetus for companies to move their operations offshore.

Prematurely imposing a new ozone standard will increase manufacturing sector compliance costs at a time we are diligently working to recover from the economic downturn. The compliance cost of this rule requires significant amounts of capital and increased operating costs that otherwise could be used to build new manufacturing facilities for job creation. The US

manufacturing sector alone has lost 5.7 million jobs or 33 percent since 2000. Increased costs will make it even more difficult for manufacturing to increase exports and achieve the President's objective of doubling US exports over the next five years. According to the Department of Commerce, imports in 2010 exceeded exports by \$414 billion.

Other reasons EPA should not prematurely implement new standards:

1. Ozone levels in the US continue to drop based on regulations adopted pursuant to the 1997 ozone standard. EPA's air quality data for 2008 to 2010 confirms the significant reduction in ozone levels that have been accomplished without even implementing the 2008 standard that the EPA is now reconsidering. The EPA is also finalizing a number of other major regulatory actions that will assure even greater reductions in the years ahead.
2. The EPA has acknowledged that the ozone reconsideration is discretionary and is not required by statute or court order to revise the standard outside the regular five year review. EPA sought reconsideration on its own initiative, not under court order or even in response to any formal request.
3. EPA is not bound by the recommendations of the Clean Air Scientific Advisory Committee (CASAC) as some have argued. Instead, the Clean Air Act clearly entrusts the EPA Administrator with the authority (not the CASAC) to set the standard at a level she determines is necessary to protect the public health.

Lastly, it should not be forgotten that the rule will increase the cost of transportation across the entire economy, including every family and farmer. The cost of the rule will be additive to the current high cost of gasoline and its impact will reduce disposable income at a time they can least afford it.

We respectfully request the Administration to wait until 2013 for the scientific panel to complete its work. We look forward to hearing from you.

Sincerely,

Paul N. Cicio
President

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$800 billion in annual sales and with more than 750,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, 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: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.