Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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November 11, 2011

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

The Industrial Energy Consumers of America (IECA) requests that, as the Environmental Protection Agency (EPA) moves to establish greenhouse gas emission standards under the Clean Air Act for power plants, refineries and other large emitting sources, EPA prioritize low-cost and "cost-effective" energy efficiency from every sector as a means of achieving the emissions reductions to be required by those standards. And EPA should let energy efficiency compete with all other emissions reduction technologies, including renewable energy because competition will drive down both costs and emissions.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $700 billion in annual sales and with more than 650,000 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 our members' 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.

This request is consistent with the January 18, 2011 Executive Order "Improving Regulation and Regulatory Review" that requires the EPA to pursue the least cost and most flexible alternative. The Pollution Prevention Act also requires EPA to consider first how to avoid pollution (e.g., via energy efficiency) before they consider how to treat it.

It is important for the Administration to remember that State regulations allow all costs imposed upon the electric generating sector to be passed on to us, the consumer. It is for this reason that the Administration must ensure that the lowest cost options are included in the GHG regulation.

It is critically important that EPA greenhouse gas regulation of the power generating sector not increase the cost of electricity. The manufacturing sector competes globally and is under enormous competitive pressure. The manufacturing sector has lost 5.7 million jobs or 31 percent of its workforce since 2000. Low-cost electricity (and fuels such as natural gas) is essential in our ability to compete globally.

Energy efficiency is a superb measure because once implemented it typically reduces energy consumption and related power plant emissions year after year without additional capital costs. The industrial sector strongly supports cost-effective and verifiable energy efficiency as a way to reduce its energy costs, improve competitiveness, and to achieve emissions reductions required under the Clean Air Act.

However, as a word of caution, industrial energy efficiency is not "free" as some parties have reported. The cost and the time to obtain a return on investment can vary significantly and are highly dependent upon a variety of factors, including changing cost of capital and the cost and time delay of environmental regulations.

Industrial energy efficiency options should include proven measures such as advanced electric motors and pumps but also the cogeneration of power and steam as well as use of waste heat recovery or "hot stack gas" recovery and use.

Industrial cogeneration can vary in operating efficiency from 60 to very close to 80 percent and waste heat recovery utilizes a free fuel to produce useful products such as electric power. We urge you to place a special emphasis on these measures because they simultaneously improve energy efficiency and reduce emissions while producing high quality distributed power generation. Cogeneration and waste heat recovery can be a superior substitute for power produced from inefficient conventional electric power generation. It can also offset the need for costly investment in new transmission infrastructure.

Existing buildings consume 40 percent of our nation's electricity and thus offer a huge opportunity for energy savings and attendant reductions in indirect emissions. Simple low-cost options like insulation for attics and walls, insulated doors and windows are a common sense priority. These measures are literally off-the-shelf technologies made and installed by American workers and which improve the health and comfort of Americans. Energy efficiency in this area, including the retrofitting of the tens of millions of under-insulated American homes, will reduce demand for power, decrease power plant emissions and help reduce electricity costs. And lower electricity demand will help delay expensive new conventional electric power generation facilities. These types of indirect energy efficiency measures should be part of the suite of options available for demonstrating reductions in greenhouse gas emissions.

There is one important caveat. The industrial sector opposes policy that requires industrial energy users to subsidize increases in residential and commercial energy efficiency. We also oppose the decoupling of purchased electricity volume from price as utilities should be able to make up lost revenues through load growth that is incentivized by lower rates. Fortunately, the potential energy and financial savings are large enough that all ratepayer classes will benefit.

Sincerely,

Paul Cicio
President

cc: The Honorable Lisa Jackson