Industrial Energy Consumers of America (IECA)
The Voice of the Industrial Energy Consumers

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February 4, 2025

The Honorable Mark Christie
Chairman
U.S. Federal Energy Regulatory Commission (FERC)
888 First Street, NE
Washington, DC 20426

RE: Manufacturers Request Technical Conference on State Interstate Natural Gas Pipeline Coordination on the East Coast

Dear Chairman Christie:

Never before has the manufacturing sector's economic growth faced such a growing crisis as we are today. From Georgia to New York, there is no firm pipeline capacity available for the manufacturing sector. The situation is dire and getting worse quickly due to inadequate interstate natural gas pipeline capacity, the lack of coordinated decision making by states for the use of natural gas for power generation, and decisions to shut down existing coal-fired power plants. According to the U.S. Bureau of Labor Statistics (BLS), the states impacted have approximately 15,044 manufacturing facilities and 1,885,700 employees.

One hundred percent of IECA's membership are manufacturing companies. They have $1.3 trillion in annual sales, over 12,000 facilities nationwide, and more than 1.9 million employees.

When there is an inadequate natural gas supply, manufacturing companies are the first to be curtailed, which impacts facility operations, jobs, investments, safety, supply chains that include defense-related products and costs for both natural gas and electricity. The situation is completely disruptive to planning our production due to the constant and growing threat of inadequate supply and natural gas costs which can easily be five times higher than the nation's average.

For example, in the Southeast, from January 17 to 25, the Duke Carolinas minimum price was $700 per MWh and the peak was just under $1200 per MWh. When the Transco Zone 5 natural gas price was $120 per MMBtu the utility was buying it to produce power, resulting in a price that manufacturers could not afford and produce product at a profit.

We urge the Commission to hold a Technical Conference to examine the need for state coordination of decision making that impacts pipeline capacity availability for manufacturing, taking into consideration the siting of new natural gas-fired power generation, the shutdown of coal electric generation, and LNG exports.

The Technical Conference will require participation by entities representing manufacturers, pipelines, electric utilities, state public service commissions, state government economic development officials, and others.

We recognize that FERC does not have authority over state decision making. However, FERC is responsible for electricity reliability and certification of interstate natural gas pipelines. Both issues are central to the need for East Coast states to understand the decisions and impacts by neighboring states.

Setting aside the obvious and serious challenges of permitting, construction, and the completion of pipelines, there is no coordination by state authorities of existing pipeline capacity to ensure that there is sufficient capacity for manufacturers. For example, even though the Transco pipeline runs through all the East Coast states, all of which are dependent upon the same pipeline, there is no coordination to ensure that decisions by one state are not negatively impacting another. If there is excess pipeline capacity, this is not a problem. However, excess capacity no longer exists.

Utilities have Integrated Resource Plans which have and/or plan to accelerate the decommissioning of coal-fired electricity generation plants and build significant natural gas combined cycle generators, which is quickly making the situation worse. For manufacturing, we receive OFOs all year long, not just during winter peak demand.

The rapid expansion of data centers and the increasing demand for electricity is yet another reason for FERC to act upon our request. Data centers, especially those supporting cloud computing and artificial intelligence, require a reliable and substantial energy supply. S&P Global Ratings estimates that U.S. data centers energy demand will lead to additional natural gas demand of between 3 Bcf/d and 6 Bcf/d by 2030 nationwide.

Thank you for supporting the manufacturing sector. We look forward to meeting with you to discuss this vital issue.

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: The Honorable Chris Wright, U.S. Department of Energy
The Honorable Doug Burgum, U.S. Department of the Interior
FERC Commissioners
Senate Committee on Energy and Natural Resources
House Committee on Energy and Commerce
Senators and House of Representatives from VA, NC, SC, GA, MD, NY

Governors from VA, NC, SC, GA, MD, NY

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $1.3 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.9 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, consumer goods, building products, automotive, independent oil refining, and cement.