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May 7, 2024

The Honorable Cathy McMorris Rodgers  
Chair  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Frank Pallone  
Ranking Member  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

***Re: Reforming Section 5 of the Natural Gas Act Does Not Impact Building New Pipelines,  
IECA Supports S. 4171, the “Making Pipelines Accountable to Consumers and Taxpayers  
(MPACT) Act”***

Dear Chair McMorris Rodgers and Ranking Member Pallone:

We are aware that the natural gas pipeline companies are opposed to reforming Section 5 of the Natural Gas Act<sup>1</sup> and are telling members of Congress that reform would hamstring efforts to building new interstate natural gas pipelines. This is simply not true. IECA is strongly in support of building new pipeline capacity and would not support reform if we thought that it did.

One hundred percent of IECA’s members are manufacturing companies who rely upon natural gas pipelines for supply of natural gas. We do not have an alternative. We have companies with facilities who are unable to get sufficient pipeline capacity to operate their facilities at capacity and/or invest in new ones. For example, there is insufficient pipeline capacity all along the entire East Coast and manufacturing companies receive operational flow orders (OFOs) about 90 percent of the time.

Lastly, if demand is high and there is insufficient pipeline capacity, manufacturing companies are always the first to be curtailed. When this happens, we are forced to reduce operating capacity or shutdown and this costs tens of millions of dollars per day. Therefore, it is in our best interests to support the building of pipelines.

Reforming Section 5 of the Natural Gas Act would give the Federal Energy Regulatory Commission (FERC) the authority to grant refunds to natural gas consumers when FERC

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<sup>1</sup> “Rate Dispute Escalates Between US Gas Pipelines, Shippers,” Energy Intelligence, May 3, 2024, <https://www.energyintel.com/0000018f-39e7-d00d-a7df-3df7b8060000>

confirms that a pipeline is overcharging above a just and reasonable rate. And, pipelines earn healthy equity returns, usually in the 12-13 percent range. Therefore, the NGA Section 5 reform does not affect the ability of new pipeline projects to earn such returns, nor build new pipelines.

A bipartisan bill has been introduced in the Senate, which we support. It is S. 4171, the "Making Pipelines Accountable to Consumers and Taxpayers (MPACT) Act." We are looking for champions on the House Committee on Energy and Commerce to introduce similar legislation. We look forward to working with you on this important issue.

Sincerely,

Paul N. Cicio  
*Paul N. Cicio*  
President & CEO

cc: House Committee on Energy and Commerce

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*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.*