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

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May 7, 2024

The Honorable Joe Manchin, III
Chairman
Committee on Energy and Natural Resources
U.S. Senate
Washington, DC 20510

The Honorable John Barrasso
Ranking Member
Committee on Energy and Natural Resources
U.S. Senate
Washington, DC 20510

Re: Reforming Section 5 of the Natural Gas Act <u>Does Not Impact Building New Pipelines</u>, IECA Supports S. 4171, the "Making Pipelines Accountable to Consumers and Taxpayers (MPACT) Act"

Dear Chairman Manchin and Ranking Member Barrasso:

We are aware that the natural gas pipeline companies are opposed to this legislation[1] and are telling members of Congress that the legislation will 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 this legislation 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.

[1] "Rate Dispute Escalates Between US Gas Pipelines, Shippers," Energy Intelligence, May 3, 2024, https://www.energyintel.com/0000018f-39e7-d00d-a7df-3df7b8060000

All this bill does is give the Federal Energy Regulatory Commission (FERC) the authority to grant refunds to natural gas consumers when FERC confirms that a pipeline is over-collecting 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.

We look forward to working with you on this important issue.

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: Senate Committee on Energy and Natural Resources

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.