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

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February 25, 2025

The Honorable Eric Burlison
Chairman
House Subcommittee on Economic Growth,
Energy Policy, and Regulatory Affairs
Washington, DC 20515

The Honorable Maxwell Frost
Ranking Member
House Subcommittee on Economic Growth,
Energy Policy, and Regulatory Affairs
Washington, DC 20515

Re: Comments for the Record on Hearing on "Leading the Charge: Opportunities to Strengthen America's Energy Reliability"

Dear Chairman Burlison and Ranking Member Frost:

Had it not been for the costly sacrifice made by the manufacturing sector due to forced reduction in the use of natural gas this winter, the U.S. would have experienced brown outs or black outs. The natural gas that we would have used kept the lights on and people's homes warm. This sacrifice came at great costs.

On behalf of the member companies of the Industrial Energy Consumers of America (IECA), of which 100 percent are manufacturing companies, we urge the Subcommittee to support legislation to expedite expanding natural gas pipeline capacity. The manufacturing sector consumes 26 percent of U.S. natural gas, which is used as feedstock and fuel, and 25 percent of U.S. electricity. Electricity cannot be used to displace our demand for natural gas.

This winter, across the country, because of inadequate natural gas pipeline capacity, manufacturing companies were forced to use less natural gas or were completely curtailed.[1] When there is inadequate pipeline capacity or power supply, manufacturing companies are always the first to be curtailed at significant costs of millions of dollars per day. While some manufacturers have back up sources such as fuel oil, propane, or coal for boilers, most do not. Cutting or shutting down production plays havoc on U.S. supply chains, including the production of national defense goods.

Each year, the crisis for U.S. manufacturing has become more severe. This winter, because of inadequate pipeline capacity, manufacturers have paid as much as $120 MMBtu for spot natural gas. That is much higher than what the EU or Asia paid for imported LNG. Higher prices

[1] 44 Natural Gas Pipelines Require Manufacturers To Reduce/Curtail Use of Natural Gas Due to Inadequate Pipeline Capacity, https://www.ieca-us.org/wp-content/uploads/02.06.25_Pipeline-Capacity-Shortage_ENR.pdf

due to constrained pipeline capacity also significantly increased electricity prices. Because we are price sensitive and compete globally, competitiveness is impacted.

Congress wants manufacturing companies to reshore jobs and investments. That cannot happen without substantial increases in pipeline capacity. And much higher demand is forecasted due to power generation needed for the electrification of the economy, data centers, and increasing LNG exports.

LNG has a special negative impact because they maximize exports when the U.S. has its highest winter heating season demand. The LNG exports accelerate the reduction of U.S. natural gas inventory, which results in higher prices for both natural gas and electricity. The problem gets worse with additional LNG export capacity. The LNG 25-year contracts shift supply and price risks from countries that buy LNG to U.S. consumers. LNG contracts guarantee that other countries will receive our natural gas, and this reduces U.S. reliability and energy independence. The 25-year contracts are also being used to lock up what little pipeline capacity is available for domestic consumers. Manufacturers cannot do 25-year contracts.

It is for this reason that we have proposed an America First LNG Inventory Policy that would insulate U.S. consumers from the impacts of LNG exports.[2]

We urge this Subcommittee to support energy permitting reform and the America First LNG Inventory Policy. Thank you for your support of the manufacturing industry who employs 12.8 million people and contributes $2.8 trillion to the U.S. GDP. Thank you in advance.

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: House Committee on Oversight and Government Reform

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. One hundred percent of IECA members are manufacturing companies whose competitiveness is largely determined by the cost and reliability of natural gas and electricity. IECA's sole mission is to reduce and avoid energy costs and increase energy reliability through advocacy in Congress and regulatory agencies, such as the Federal Energy Regulatory Commission (FERC). 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.

[2] America First LNG Inventory Policy, https://www.ieca-us.org/wp-content/uploads/LNG-Inventory-Policy-to-Insulate-the-US-Market-from-LNG-Export-Impacts.pdf