UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Federal and State Current Issues Collaborative) Docket No. AD24-7-000

COMMENTS OF PAUL CICIO, PRESIDENT & CEO, INDUSTRIAL ENERGY CONSUMERS OF AMERICA

I. Industrial Energy Consumers of America

Our mission is to reduce and avoid energy costs and assure reliability. One hundred percent of our member companies are from the manufacturing sector. Manufacturing companies are energy price sensitive. For every one dollar increase in the Henry Hub natural gas price, consumers pay on average $34 billion and $17 billion more for electricity, for an estimated total of $51 billion annually.

II. U.S. Manufacturing Sector

The U.S. manufacturing sector consumes 26 percent of U.S. natural gas and 25 percent of electricity, has about 400 thousand facilities, employs 13 million people, provides $2.9 trillion in value added, which is 10.0 percent of U.S. GDP, and provides $102,629 average annual employee wages. Most mid-to-large manufacturing facilities operate 24/7 and only shut down for maintenance once every 12 to 18 months. Besides natural gas, they need dispatchable power to operate. This is not to say that manufacturing companies do not purchase renewable energy, they do. And many have built or are building wind or solar inside their fence line.

III. Natural gas pipeline capacity reliability is much worse than policymakers understand. Manufacturing companies are always the first to be curtailed.

I have been a part of the manufacturing sector for over 30 years. The last major energy crisis for manufacturing was before the shale gas revolution. During the period of 2008-2009, Henry Hub natural gas prices hovered around $9.00 per MMBtu. Over 10,000 manufacturing facilities shut down because they were no longer profitable. I am here to say that I have never been more concerned about the future of energy for manufacturing. The U.S. has shifted very hard from an era of relatively low natural gas and electricity prices and stable reliability to an era of escalating prices and decreasing reliability for both natural gas and electricity.

The manufacturing sector's economic growth is facing a growing crisis due to inadequate natural gas pipeline capacity. Throughout history, manufacturing has largely relied upon non-firm pipeline capacity and there has always been adequate capacity available. That is not the case anymore. Due to the nature of manufacturing, very few manufacturers can do long-term firm capacity contracts due to the changing and uncertain demand of their products. If they enter into a long-term contract for firm capacity and demand decreases or they have to shift production to another site, they must still pay for the contracted capacity. Firm pipeline capacity can cost 300 percent more than non-firm capacity.

Manufacturing equipment that uses natural gas cannot be converted to use electricity. Even if that were possible, a Btu of electricity is about 300 percent more expensive than a Btu of natural gas. Most companies do not have a backup source of energy such as fuel oil, propane, or coal. Trucked LNG costs are between $9.00 per MMBtu and $14.00 per MMBtu, plus capital costs of about $300,000.

The recent protracted cold weather has once again shown the fragility of our nation's natural gas system as 44 interstate, intrastate and Local Distribution Systems (LDCs) pipelines (see Figure 1 in appendix) across the country have issued either operational flow orders (OFOs), restrictions, or curtailment notices to manufacturing companies to reduce demand in order to service the needs of homeowners, power companies, and LNG exports. We have seen restrictions on firm capacity as well.

Just as the yellow flashing traffic light is a warning to drivers of pending danger, FERC/NERC/NARUC should view the ever-increasing volume of pipeline orders as a warning of serious impending supply shortfalls.

When there is inadequate pipeline capacity or electricity supply, manufacturing companies are always the first to be curtailed. Homeowners, power generators, and LNG exporters get the natural gas and we do not. Curtailment can cost millions of dollars per day, disrupt operations, damage equipment, and impact supply chains for consumer, industrial, and national defense products.

This winter, some manufacturers saw their natural gas prices increase twentyfold. If we do not reduce our natural gas consumption after a notice has been given to do so from the pipeline, the pipeline can penalize the manufacturer by charging higher prices ranging from $40 per MMBtu to $120 per MMBtu.

Pipeline warnings/notices to reduce or curtail supply are now in both winter and summer, more frequent and severe due to higher demand for electricity generation and LNG exports. Increasing electrical demand by data centers, crypto currency, and the electrification of the economy are all intensifying the problem.

IV. Until there is more natural gas pipeline capacity and/or SMRs, we need to keep coal-fired electric generation units operating.

The manufacturing sector is especially vulnerable along the entire East Coast from Georgia to New York, which is supplied by the Transco Pipeline. There is zero availability of firm natural gas pipeline transportation that is needed to expand existing manufacturing facilities or invest in new ones. Although all of these states are dependent upon one pipeline, each utility makes independent decisions to shut down coal-fired electric generation units and/or build natural gas-fired generation without any consideration as to whether there will be any natural gas capacity available to the manufacturing sector. For this reason alone, and until there is more pipeline capacity, it is critically important to keep existing coal-fired electric generators operating.

IECA sent a letter to the FERC on February 4, 2025 urging them to address this issue by holding a Technical Conference.[1] States need to coordinate demand for natural gas in order for manufacturers to not be harmed.

Coal-fired electric generation also plays an important role in keeping natural gas prices from escalating. As natural gas prices rise, coal-fired power generation displaces natural gas generation and thereby caps natural gas demand and provides consumers with price relief.

V. Natural gas storage inventory levels are the most determinant factor of price.

It is vital that policymakers recognize and address a new and growing factor that impacts inventory volumes and price. U.S. Energy Information Administration (EIA) data makes clear that LNG export shipments are maximized during the winter heating season. The increasing LNG demand accelerates the reduction of U.S. inventory and puts upward pressure on the price of natural gas and electricity. We support action to insulate U.S. consumers via an inventory policy.

VI. Thank you for supporting the manufacturing sector.

Federal and state policymakers are in unanimous support of growing the manufacturing sector whether it is for economic growth, jobs, and/or national security. To do so requires increased energy infrastructure and an all-of-the-above approach to energy supply. Consumers benefit when there are choices and competition between and among energy choices.

As federal and state policymakers address the gas-electric matters, it is critically important to consider the impacts to the manufacturing sector – who is always the first to be curtailed.

Respectfully submitted,

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Dated: April 24, 2025

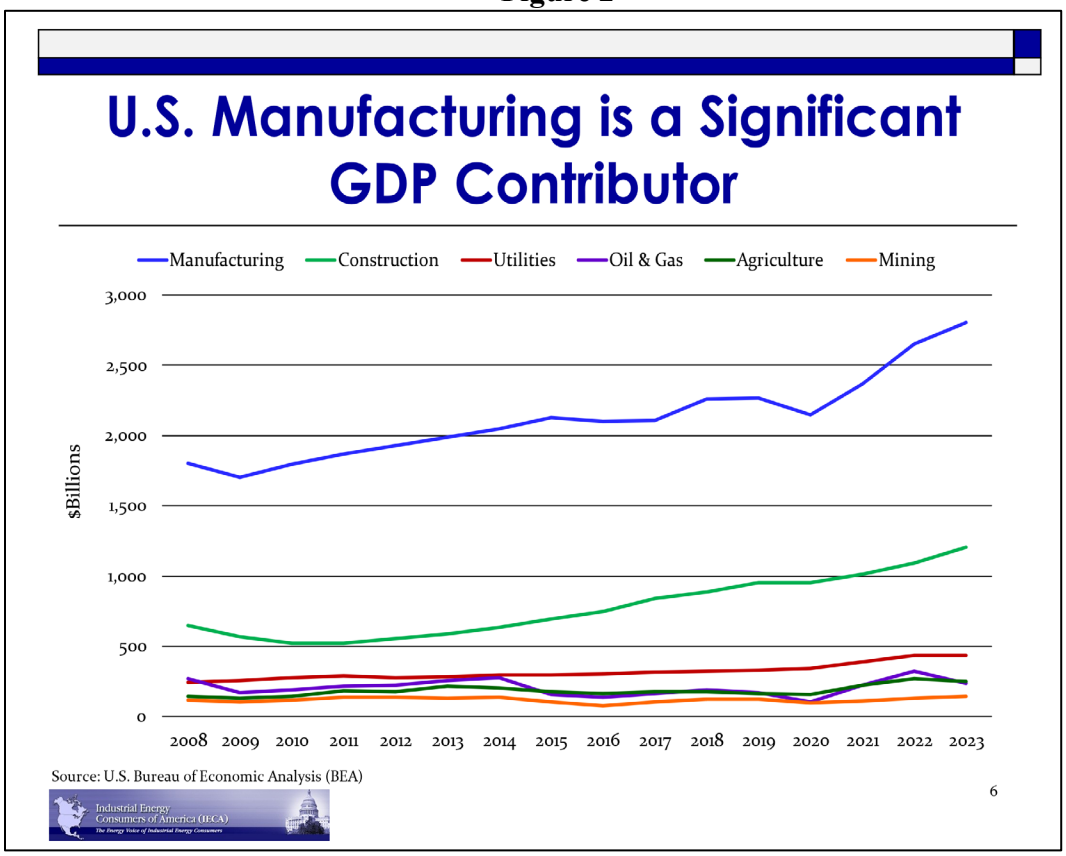
[1] IECA Requests FERC Hold Technical Conference – No Firm Pipeline Capacity Available on East Coast for Manufacturing, https://www.ieca-us.org/wp-content/uploads/02.04.25_Request-for-FERC-Technical-Conference.pdf

APPENDIX

Figure 1

1.	Atlanta Gas Light
2.	Acadian: LA
3.	Alabama Tennessee Gas Pipeline
4.	ANR Pipeline Company
5.	Atmos Energy: VA
6.	Blackhills Pipeline
7.	Columbia Gas Transmission Company: MD, VA, PA, WV
8.	Danville Utilities
9.	Dominion Energy: SC
10.	Duke Energy: OH, KY, SC, NC
11.	East Tennessee Natural Gas
12.	Eastern Gas Pipeline
13.	Enable Gas Transmission, LLC
14.	Enterprise Acadian
15.	Enterprise Intrastate
16.	Enterprise Texas Pipeline
17.	Houston Pipeline
18.	Kinder Morgan Texas
19.	Liberty Utilities
20.	Louisville Gas and Electric
21.	Michigan Gas Utilities
22.	MoGas Pipeline
23.	National Grid
24.	Natural Gas Pipeline (NGPL)
25.	NIPSCO
26.	Northern Border Ventura
27.	Northern Natural Gas: SD
28.	Northwest Pipeline
29.	North Shore Gas
30.	Ozark Gas Transmission
31.	Panhandle Eastern Pipe Line Company
32.	PECO, An Excelon Company
33.	Peoples Gas
34.	Piedmont Natural Gas: TN, NC, SC
35.	Public Service Company of Colorado
36.	Southern Natural Gas Company
37.	Spire MoGas Pipeline
38.	Summit Natural Gas
39.	Tennessee Gas Pipeline Company
40.	Texas Eastern Transmission Pipeline: TX, TN
41.	Texas Gas Service
42.	Transco: VA, NC, VA, SC, GA
43.	UGI Pipeline
44.	Until, Maine Natural Gas

Figure 2


U.S. Manufacturing is a Significant GDP Contributor
Manufacturing
Construction
Utilities
Oil & Gas
Agriculture
Mining
$Billions
3,000
2,500
2,000
1,500
1,000
500
0
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Source: U.S. Bureau of Economic Analysis (BEA)
Industrial Energy Consumers of America (IECA)
The Energy Voice of Industrial Energy Consumers
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