



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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May 19, 2021

The Honorable Frank Pallone, Jr.
Chairman, Committee on Energy and
Commerce
U.S. House of Representatives
2107 Rayburn House Office Buildings
Washington, DC 20515

The Honorable Bennie G. Thompson
Chairman, Committee on Homeland
Security
U.S. House of Representatives
2466 Rayburn House Office Building
Washington, DC 20515

The Honorable Cathy McMorris Rodgers
Ranking Member, Committee on Energy
and Commerce
U.S. House of Representatives
1035 Longworth House Office Building
Washington, DC 20515

The Honorable John Katko
Ranking Member, Committee on Homeland
Security
U.S. House of Representatives
2428 Rayburn House Office Building
Washington, DC 20515

Re: Manufacturing Companies Urge Congress to Give the FERC Reliability Oversight to Improve Physical and Cybersecurity Requirements on Natural Gas Pipelines

Dear Chairmen Pallone and Thompson and Ranking Members Rodgers and Katko:

As large manufacturing companies that rely upon pipeline natural gas for energy and natural gas-fired power to operate facilities, we urge you to give the Federal Energy Regulatory Commission (FERC) federal reliability oversight and mandatory requirements to improve the physical and cybersecurity of natural gas pipelines. Unlike electricity, there are no mandatory standards and there is only very limited federal oversight of natural gas pipeline reliability. Our nation cannot have electricity reliability without a secure and reliable supply of natural gas. The Colonial Pipeline attack is a wake-up call for Congress to take action.

We urge Congress to look more broadly at what actions are needed to address energy reliability. The importance and costs to the economy is best examined through the lens of what happened in Texas in February and in California last year.

For example, natural gas pipelines should have the same oversight that exists for electricity, which includes both physical and cybersecurity. FERC meets at the intersection of natural gas and electricity markets that are dependent upon one another. Establishing FERC oversight is timely. The natural gas market is undergoing change due to significant growth in LNG and pipeline exports that can threaten reliability during peak winter and summer demand, and the shift to renewable energy. According to the FERC and the U.S. Energy Information Administration, over 43 percent of 2020 U.S. production has been approved for export to 2050. This is on top of pipeline exports equal to 8.6 percent of production. Projects that are proposed and in prefilling equal another 9.3 percent of 2020 production.

To this point, no federal agency has responsibility to ensure that there is adequate pipeline capacity at peak demand. In fact, no federal agency has responsibility to monitor at what rate pipelines are operating to determine whether there is sufficient capacity. LNG exporters have locked-up firm pipeline capacity to ensure that gas flows to export facilities. Their highest demand is in the winter. No one knows how much capacity is available to supply power generation, homeowners, and manufacturers at peak demand.

After the Northeast electricity blackout of August 14, 2003, Congress acted to give the North American Electric Reliability Corporation (NERC) responsibility for reliability and cybersecurity reliability of the electric grid. NERC established mandatory standards and companies that do not comply pay fines. In contrast, pipeline security requirements under the Transportation Security Administration (TSA) are voluntary, not mandatory.

We have reviewed H.R. 370, 3119, 2928, and 2931. None of these bills would provide the safeguards that are needed.

As very large energy consumers, we understand that implementation of mandatory physical and security requirements will increase costs that will be passed onto us. However, one successful attack could shutdown tens of thousands of manufacturing facilities and cost tens of millions of dollars per day for each facility. The economic harm could be staggering.

We thank you in advance for considering action. It is prudent to be proactive to ensure that we have sufficient safeguards in place to protect America. We look forward to working with you on this important matter.

Sincerely,

Paul N. Cicio

Paul N. Cicio

President and CEO

cc: House Committee on Energy and Commerce
House Committee on Homeland Security
FERC Commissioners
The Honorable Jennifer M. Granholm

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 4,400 facilities nationwide, and with more than 1.8 million employees. 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, building products, automotive, independent oil refining, and cement.