

# Energy and the Industrial Consumer

Al Musur  
Chairman

Industrial Energy Consumers of America  
(IECA)

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# IECA

## 501(c.) (6) not for profit trade association

- Glass & Ceramic
- Metals, primary and secondary
- Pulp & Paper
- Cement
- Rubber
- Masonry
- Beverage
- Chemicals
- Compressed Gas
- Food
- Pharma

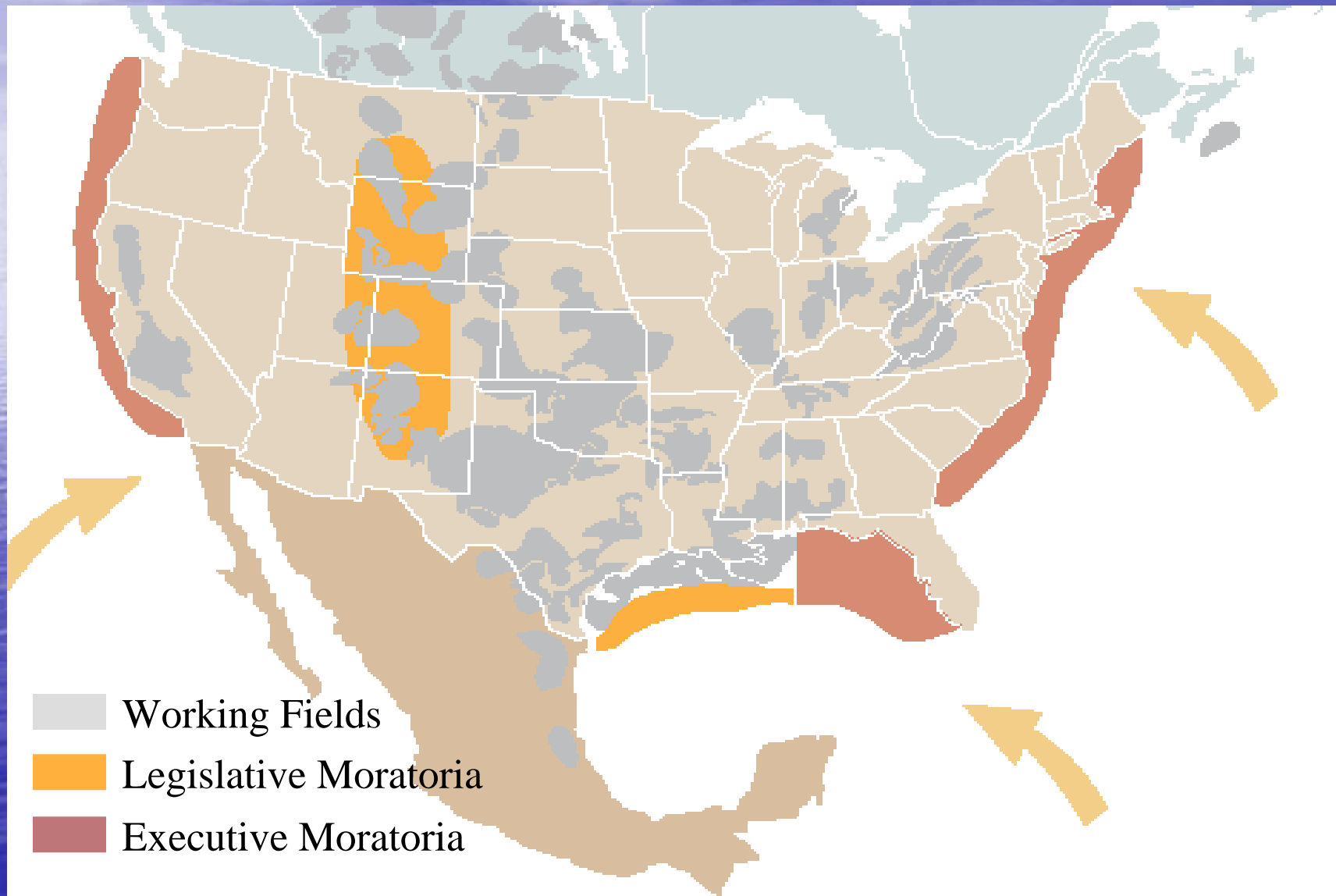
# IECA

- Committed to four areas:
  - A robust, diverse and affordable supply of energy
  - Combined Heat and Power, and Energy Efficiency
  - Environmental Policy without loss of competitiveness
  - Education of policy makers

# Problems with the Natural Gas System

- Supply Constraint
- Regulatory Demand
- Price Formation

# Natural Gas Moratorium



# New Poll Indicates- "Public from Coastal States Support Offshore Production"

- Completed from May 24 to June 9, 2005
- States included: Florida, Calif, Virginia, NC, SC, Georgia
- 3200 interviews
- Funded by consumers: IECA, AGA, AISI, EEI

# Coastal State Polling

- 74 % say we are having energy problems; on verge of crisis or already in a crisis.
- 90 % say they are somewhat or very concerned about energy prices.
- 75 % say we have the technology and ability to explore for and produce natural gas safely (74 % for oil).

# Coastal State Polling

- 62 % say- given greater state control and revenue, would support offshore production.
- Only 9 % said they would not support offshore production at any distance from shore.

# Regulatory Demand

- Ethanol from Corn

# Ethanol from Corn

- Plus

- Biogenic source of CO<sub>2</sub>
- Renewable

- Minus

# Ethanol from Corn

- Plus

- Biogenic source of CO<sub>2</sub>
- Renewable

- Minus

- Even cavemen knew that it is a bad idea to burn your food for fuel
- Cannot come close to replacing other liquid fuels
- Increases cost of natural gas
- Increases cost of food
- Still have a huge carbon emission

# Ethanol from Corn

	BTU/gal	MPG	% inc.
Gasoline			
E-10			
E-85			
Ethanol			

# Ethanol from Corn

	BTU/gal	MPG	% inc.
Gasoline	115000		
E-10	111100		
E-85	81850		
Ethanol	76000		

# Ethanol from Corn

	BTU/gal	MPG	% inc.
Gasoline	115000	20.0	
E-10	111100	19.3	
E-85	81850	14.2	
Ethanol	76000	13.2	

# Ethanol from Corn

	BTU/gal	MPG	% inc.
Gasoline	115000	20.0	100
E-10	111100	19.3	104
E-85	81850	14.2	141
Ethanol	76000	13.2	151

# Ethanol from Corn

If only  $\frac{1}{2}$  of the 2008 Energy Bill renewable fuel standard mandate of 36 billion gallons of renewable fuels by 2022 is met with ethanol, it will require 0.9 trillion cubic feet of natural gas, the equivalent of 4.4% of the nations 2006 natural gas supply.

# Ethanol from Corn

If only 1/2 of the 2000 E... Bill  
renewable f...  
of 36 billion  
fuels by 202...  
it will require  
of natural ga...  
4.4% of the  
gas supply.

Who is  
marginalized?

Electric Utilities  
Transportation  
Residential  
Commercial  
Industrial

# Price Formation

- We do not believe in regulating markets
- We believe in markets that are:
  - Transparent
  - Liquid
- We believe in markets with oversight
- We believe in markets with rules that are enforced

# Price Formation

- Oversight
  - Whatever is necessary to prevent manipulation in any market
  - Whatever is necessary to prevent manipulation between markets
  - Increased separation between the CFTC and the markets being regulated

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