



**American
Iron and Steel
Institute**

Steelgram

Immediate Attention Requested

March 5, 2014

To: Members of the U.S. House of Representatives
House staff assigned to steel and/or energy issues

SUPPORT H.R. 3826 - THE ELECTRICITY SECURITY AND AFFORDABILITY ACT

Background

As the production of steel is energy-intensive, the availability and reliability of energy is essential to the international competitiveness of the domestic steel industry. In order to reduce costs and improve its competitiveness, the industry in the U.S. has reduced its energy-intensity by 27% since 1990. In fact, a recent Department of Energy-sponsored report concluded that the steel industry in the U.S. is the most energy efficient of any major steel producing country.

The steel industry in the U.S. is subject to substantial international competition, often from nations such as China, where the industry is largely state-owned, controlled, and subsidized. In fact, in two recent cases, the Department of Commerce determined that Chinese steel producers were receiving below market rates for electricity, which constitutes a subsidy. Given these challenges, policies enacted in the U.S. that raise energy costs on domestic companies threaten the industry's ability to remain competitive internationally.

Situation

The Environmental Protection Agency (EPA) has undertaken a two-pronged approach to regulate greenhouse gas (GHG) emissions from electric generating utilities. It has proposed a rule to limit GHGs from new power plants that will likely be finalized soon, while the Agency plans to issue a draft rule on GHG emissions from existing power plants later this year. Although these regulations are placed directly on the utility sector, electricity customers will bear the costs associated with compliance. The rules will likely raise the cost of electricity to large industrial customers like steel producers, while potentially lessening the quality and reliability of our nation's electricity supply. H.R. 3826, the Electricity Security and Affordability Act, directs EPA to use achievable and realistic standards when setting GHG limits for new power plants and would ensure a role for Congress in determining when the GHG rule for existing plants goes into effect.

Request

AIISI urges all members of the House to support H.R. 3826, the Electricity Security and Affordability Act, when it is considered by the full House. Doing so will help uphold the international competitiveness of the domestic steel industry by maintaining an affordable and reliable supply of electricity.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Gibson".

Thomas J. Gibson