

June 15, 2021

Honorable JB Pritzker
Governor
State of Illinois
207 State House
Springfield IL 62706

Dear Governor Pritzker:

Manufacturers use one-third of all energy consumed in the United States, meaning any change to Illinois' diverse and competitive energy marketplace will have a disproportionate impact on the industrial sector. Illinois is blessed with a robust energy sector and we need to maintain an "all of the above approach" that includes nuclear, gas, coal, and renewables to ensure that we have a safe, reliable, and low-cost sources of energy for decades to come. Political decisions driven purely by ideology without the benefit of using hard data and a real analysis of the impact on cost, reliability, and jobs will be harmful for Illinois and its job creators.

Illinois manufacturers employ 556,000 women and men on factory floors today who contribute \$304 billion in economic output annually - the single largest share of our state's economy. These workers earn more than \$88,000 per year in wages and benefits making them the good, high-paying middle-class jobs that are crucial to our economy. But Illinois is struggling to grow new manufacturing jobs or even maintain current employment levels. According to the United States Department of Labor (Bureau of Labor Statistics), Illinois is the only state in the Midwest to lose net manufacturing jobs in the last decade (April 2011 to April 2021) with a loss of 33,200 jobs.

In 1997, Illinois embarked on a major change in the regulation of the electricity industry. The General Assembly opened the door to competition, customer choice, and innovation. When the new law took effect in 1998, Illinois had the 13th highest average electricity prices in the United States. By 2013, Illinois' average electricity prices were among the ten lowest in the country. Deregulation has been a stunning success and Illinois electricity consumers – residents, business, and government – paid \$37 billion less between 1998 and 2013 than they would have if our state's average electricity rates had maintained their above average level in the decade prior to industry restructuring. Billions of dollars in additional savings have been realized in the last eight years.

This remarkable success of Illinois' approach of reliance on market forces rather than old-fashioned regulation should serve as a model for these energy discussions. American manufacturers have an amazing record of success. Over the past decade, our nation's manufacturers have reduced their carbon footprint by 21 percent while increasing their productivity by 18 percent according to the International Energy Agency data.

Manufacturers don't just use this groundbreaking technology – they create it. The United States is the leading energy producer in the world, creating a major strategic advantage for our national security and economic success. Manufacturers are making smart investments to become more energy efficient while protecting the environment. These technologies make energy more affordable, reliable, and cleaner. Illinois' amazing manufacturing sector is leading the way with electric vehicles, carbon capture and sequestration, and implementation of processes technologies that reduce their environmental impact. We need to encourage this kind of private sector innovation that has led to emission reductions and increased sustainability.

The Department of Commerce & Economic Opportunity released a study six years ago showing that large industrial customers achieved more energy savings than customers mandated to be in energy efficiency programs. Illinois should continue to allow industrial customers to engage in their own energy efficiency programs that are unique to their particular processes and plants instead of operating within the confines of specifically tailored programs that may not be applicable to their business.

Unfortunately, in the last several weeks, the Administration and lawmakers have engaged in backroom discussions that will add billions of dollars in costs on Illinois residents and businesses. These decisions are being made without taking into account the impact on the reliability of our energy grid, the cost on customers, or the impact on jobs that will be lost. Independent analyses show that Illinois residents could see an increased cost of between \$7 and \$12 per month while businesses could see increases between 8 and 15 percent. Local governments may need to raise property taxes to pay for their higher energy costs.

Particularly troubling is an issue that arose over the weekend which will dramatically shift the cost of the social programs to commercial and industrial ratepayers. Under the original proposal, all customers would have paid \$3.70 per month or \$44.42 per year for wire charges. Under the new volumization plan, those costs would be shifted with commercial customers paying an average of \$11.64 per month and industrial customers charged with a whopping \$1,907.58 per month cost.

Illinois, and our nation, need to harness the strength of the manufacturing sector to develop innovative technologies and maintain our energy advantage. Unfortunately, the current proposal in Illinois will do the exact opposite by imposing barriers and additional government regulation.

We urge the Administration and lawmakers to stop efforts that will harm our energy market and lead to higher costs on Illinois families and businesses, produce a less reliable energy infrastructure, and eliminate good manufacturing jobs. Let's work collaboratively on a plan that will enhance our energy infrastructure and encourage innovation while ensuring reliability and low energy prices for our families and businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Denzler", with a stylized flourish extending to the right.

Mark Denzler
President & CEO

CC: Honorable Emanuel "Chris" Welch, Speaker of the House
Honorable Don Harmon, Senate President
Honorable Jim Durkin, House Republican Leader
Honorable Dan McConchie, Senate Republican Leader
Members of the General Assembly