Dear Mr. Nees,

The Maryland Industrial Technology Alliance (MITA) is a Maryland trade association that has represented the interests of Maryland manufacturers since 1986. Its charter members included major chemical manufacturing companies with facilities in the state. More recently our membership includes other manufacturers and a number of partner members who support manufacturers. Our bylaws state that, “The philosophy of MITA and its member firms shall be to conduct business in a manner that protects our employees, the community and the environment. Each member, by virtue of its membership, accepts this philosophy. Operating with integrity is a component part of each member’s value system.”

I am the Executive Director of MITA, and as such I have been asked to comment for our stakeholder members regarding your independent study of the economic and environmental aspects of Maryland’s potential participation in the Regional Greenhouse Gas Initiative (RGGI). As I am not a technical environmental expert my comments will focus more broadly on the issue of the economic and environmental aspects of your study of RGGI. I believe that Mr. Julian Levy, MITA’s immediate past Chairman, who is an environmental consultant has contacted you and will comment with specific focus on the environmental aspects of the RGGI study.

For MITA’s manufacturing members the availability, reliability, and cost of energy are principal and primary components of their ability to operate their facilities. Thus, for MITA’s members and for all Maryland manufacturers legislation and regulation impacting energy availability, reliability and cost are of critical concern.

As neither our members, nor other manufacturers; nor the state of Maryland operates in a vacuum, there are larger issues related to evaluating RGGI’s potential impact in Maryland beyond the aspects of its technical consideration that should not be overlooked.

In that regard and with respect to RGGI, improving environmental performance cannot be isolated from the economic consequences of its potential implementation. For example, it has been reported to me that while those states that currently comprise RGGI in the aggregate utilize coal fired power plants to supply only 10 percent of their energy needs, almost 40 percent of Maryland’s energy is supplied from local coal-fired energy plants. There is a serious concern that regulations that would impact these Maryland energy producing facilities will cause a disparate negative impact on Maryland’s manufacturing base and on the state’s economy in terms of the availability, reliability, and cost of energy to support and grow Maryland’s industrial base.

Maryland manufacturers compete in a global marketplace. Increases in energy costs in one state or region cannot be simply passed on by Maryland’s manufacturers to their customers. A number of our member companies also compete internally for corporate resources and support. It is a basic logic of business that operations that are the most cost competitive have greater success in obtaining corporate support than those that are deemed to be high cost or less reliable. The net effects are the diminution of resources to those less competitive facilities with business growth going to those facilities in regions and in countries that are able to best compete in the global marketplace. The eventual and sometimes even immediate consequences to those uncompetitive facilities are the loss of jobs and plant closures. With respect to the evaluation of RGGI, energy cost increases as an outcome of Maryland joining RGGI will impact local manufacturers with the likely result in the loss of Maryland jobs.

On a practical, operational level manufacturing plants are extremely sensitive to brownouts and blackouts. Modern manufacturing equipment,
now largely computer controlled, cannot respond immediately to fluctuating voltages and millisecond interruptions in energy supply. Such interruptions not only effect the manufacturing process which can include equipment breakages, but also interrupt the operation of environmental control equipment resulting in emergency environmental releases. Energy reliability has a much greater impact on manufacturers as compared to commercial and residential energy users.

I would note for consideration of your evaluation process that Maryland manufacturing facilities have already implemented substantial conservation measures, both to improve environmental performance and to improve energy conservation. Both are necessary to assure the viability of manufacturing operations.

Relatedly, we do not anticipate that alternative sources of energy or substantial expansion of the power grid will offset potential losses of energy production from currently available sources. And, considering the volatility of the price of fuels, and the difficulties in increasing non-coal fuel supply, moving to other fuels is not a reasonable, viable alternative for at least the foreseeable future.

MITA submits that there are serious economic considerations that need to be addressed as part of the study of the potential implementation of RGGI in Maryland.

Thank you for allowing MITA to provide input to your study. You can reach me by email at mdmita@comcast.net and by phone at 410 628 1083.

Sincerely,

Louis. H. Kistner
Executive Director