**TESTIMONY OF PAUL N. CICIO**
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**BEFORE THE**
**U.S. HOUSE COMMITTEE ON SCIENCE AND TECHNOLOGY**
**SUBCOMMITTEE ON ENERGY AND ENVIRONMMENT**

**"REVISTING THE INDUSTRIAL TECHNOLOGIES PROGRAM: ACHIEVING INDUSTRIAL EFFICIENCY"**

**SEPTEMBER 25, 2007**

Good afternoon Chairman Lampson and Ranking Member Inglis.

The Industrial Energy Consumers of America (IECA) is a national non-profit non-partisan cross-industry trade association whose membership is exclusively from the energy intensive manufacturing sector.

The manufacturing sector competes globally. For energy intensive industries, reducing energy consumption per unit of product produced is essential. We either continually reduce our energy cost per unit of product or we will cease to be competitive. And, while energy efficiency is highly valued by the industrial sector, other energy issues weigh heavy on us and can overshadow the benefits of energy efficiency.

Since 2000, the manufacturing sector has lost 3.1 million high paying jobs or 18% of the total. To our knowledge, this is the first time in U.S. history where we have lost manufacturing jobs despite robust economic growth for four straight years. High relative energy costs, particularly high natural gas costs and now rising electricity prices have been a significant factor for the energy intensive industries.

And, we are fearful that if Congress does not increase the availability and affordability of domestic energy, more manufacturing plants will move offshore. Manufacturers are also wary of the direct and indirect cost impacts of Congressional efforts to cap ghg emissions. GHG emission concerns have already incentivized power generators to increase their consumption of natural gas by 19 % since 2000 which has driven up the cost of natural gas and electricity for all consumers. We are concerned that without resolving these issues, manufacturing will continue to leave the U.S.

While the industrial sector represents 32.2% of the U.S. energy consumption we have demonstrated remarkable performance in energy reduction. Since 1990 the industrial sector total energy consumption increased by only 1% while increasing total industrial value of shipments by 31.6%. The ITP Program has been an important contributor to this success.

Improvement in energy efficiency has also played an important role in reducing ghg emissions. The industrial sector direct and indirect carbon dioxide emissions in 2006 are below the 1990 level while ghg emissions from the residential sector increased 31.4%; commercial +34.6%; transportation +25% and electricity +31.7%.

There is no sector in the economy more supportive of energy efficiency than the industrial sector.

The Industrial Technology Program gets high marks from IECA member companies. Given the relatively modest federal money dedicated to the program, the benefits to the industrial sector and the U.S. economy are significant.

In our view, we simply need to do more of the same. IECA supports greater spending on R&D programs that provide cost sharing research, demonstration and deployment of technology and continuing to expand programs like “Save Energy Now”.

The industrial sector needs R&D in areas that provides long-term cost-effective technology solutions, particularly for high risk high value long term process technology. Examples of R&D areas of interest are: energy management systems that include control and data acquisition; control system improvements and optimization in the areas of steam generation, process heaters; heat recovery technology; and alternative energy sources for fuels and feedstock.

Lastly, IECA member companies wish to be sure this Subcommittee knows how much they value the “Save Energy Now” program. “Save Energy Now” is a superb program because it helps companies accelerate finding high quality energy reduction projects thru plant assessments and uses existing technology, product and knowledge to reduce energy consumption.

The 200 assessments completed in 2006 found over $500 million in potential energy savings and the DOE spent only $3 million on the program. This is an excellent value for the federal dollars expended.

Thank you.