



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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December 3, 2009

The Honorable Barack Obama
President
United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of the Industrial Energy Consumers of America (IECA), thank you for your initiative to focus on creating jobs. The manufacturing sector has lost over 5.4 million jobs since 2000 while imports have increased and exports have decreased. Urgent action is needed and we look forward to working with you and the Congress. We believe the top priority should be to focus on financial incentives for the manufacturing sector that will increase capital investment in energy efficiency and productivity which will result in job creation. Several policy options are listed below for your consideration.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$900 billion in annual sales and with more than 850,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

We believe that improving energy efficiency and productivity are important areas for the Administration and Congress to focus on to create jobs in both the short and long term. Because IECA member companies use large amounts of energy and compete globally, they are some of the most energy efficient companies in the world and understand what it takes to accelerate investment and improve energy efficiency and productivity. It is noteworthy that our board of directors is comprised of the top energy managers from our member companies and are experts in energy efficiency matters.

Improved energy efficiency and productivity occurs when companies invest in existing or new facilities. Unfortunately, companies rarely invest during economic down turns like we are seeing today because of the uncertainty in the near-term rate of return on investment. Federal government policy should focus on removing this uncertainty.

Below are several examples of policies that will spur investment in the near-term.

1. Establish a manufacturing sector low-cost loan program. Allow companies to borrow money from the federal government at low interest rates, not require payment for four years and give ten years to pay it back. Not requiring payment for four years overcomes the concerns of a short term return on investment. Unlike some other business tax incentives, this program requires the investment be made in the US creating maximum benefit for the country.
2. Establish "cost-shared" grants. Cost-shared grants are very effective in spurring short-term private sector capital spending. The net effect is that federal dollars are leveraging private sector dollars to be spent right away.
3. Establish a 30% tax credit for 5 years on all equipment, technology and service that increases energy efficiency and productivity in the manufacturing sector.
4. Require electric utility companies to purchase power produced by the manufacturing sector using combined heat and power (CHP) or recycled energy. When utilizing these technologies, power can be produced at 80 percent energy efficiency while electric utility efficiencies are only about 32 percent. This is a win-win. Increased jobs and significantly reduced GHG emissions. The U.S. Department of Energy has stated that increasing CHP/recycled energy power supply from 9% to 20% of the grid by 2030 would avoid 60 percent of the growth of US GHG emission.

These policies will spur the demand and development of new equipment resulting in manufacturing, construction and installation jobs. Importantly, these policies will improve the global competitiveness of US manufacturing companies and enhance their ability to retain and add additional jobs. IECA and its member companies look forward to working with your Administration and Congress to significantly increase jobs.

Sincerely,



Paul N. Cicio
President

The Honorable Nancy Pelosi
The Honorable Harry Reid
The Honorable Steven Chu
The Honorable Gary Locke