



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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March 30, 2009

The Honorable Jeff Bingaman
Chairman
Senate Committee on Energy and Natural Resources

The Honorable Lisa Murkowski
Ranking Member
Senate Committee on Energy and Natural Resources

Re: S. 661, Restoring America's Manufacturing Leadership through Energy Efficiency Act of 2009"

On behalf of the Industrial Energy Consumers of America (IECA), we thank the Committee for advancing S.661 "Restoring America's Manufacturing Leadership through Energy Efficiency Act of 2009" to help the manufacturing sector increase its competitiveness through improved energy efficiency and other Department of Energy programs included in the legislation. However, important changes are needed if the manufacturing sector is to invest in energy efficiency projects.

Most importantly, it is critical for the Congress to understand that the manufacturing sector has been very hard hit by the economic crisis. Secondly, that there is a broad consensus that the manufacturing sector will not benefit measurably by the energy efficiency provisions of the stimulus package.

Given the uncertain economic climate, it is very doubtful that manufacturers will borrow money under the conditions outlined in the bill. Instead, we urge the Congress to either provide grants or to lend money at Treasury bill rates, not require that it be paid back for four years and then allow it to be paid back over ten years. Not requiring payment for four years reduces financial risk, increasing the short term return on investment and would confidently result in "shovel ready" projects that would increase competitiveness and energy efficiency.

As a matter of priority, we prefer any funding associated with this legislation to be directed toward "shovel ready" projects versus long term research and development. Shovel ready projects stimulate the economy and increase jobs today. We can hardly focus on future research and development technology when our economic viability today is at significant risk.

We request that the Committee consider the following changes.

1. Given the size of the manufacturing sector and the cost of individual energy efficiency projects, the annual federal funding of \$500,000,000 with matching amounts of \$500,000,000 from the lending institution is not sufficient to have a measureable impact.

We encourage an amount that is at minimum triple this amount which, with matching amounts would provide loans of \$3,000,000,000.

2. Given today's economic uncertainty, without a guaranteed low interest rate, there is significant concern that companies will not borrow under this program. We encourage the Committee to set a low fixed interest rate at or near Treasury bill rates.

3. We urge you to delete Sec.2 Industrial Energy Efficiency Grant Program, (3) which states "the Secretary of Energy shall provide a priority to partnerships that include a power producer or distributor." The manufacturing sector does not wish to be dependent upon, nor prefer to work with power producer and distributor partnerships to borrow money or to do energy efficiency projects in our facilities. We do not want power companies and distributors involved in our business. They do not add value or a contribution to the equation of improving energy efficiency for the majority of the manufacturing sector.

4. We encourage that all directed studies and reports include the technology of combined heat and power, co-production, and where effective, industrial gasification polygen (CHP/CP/IGP) without predetermined size or investment limitations. The studies should include the benefits of higher economic multipliers and thermal efficiencies associated with CHP/CP/IGP and the complementary role it could play with electric utility central station power to achieve higher levels of competitiveness, and environmental, energy, materials, and food security. Consistent with this is an emphasis on utilizing waste heat to produce steam, and power. We also encourage greater involvement by the DOE Fossil Energy Program and National Energy Technology Laboratory (NETL).

In closing, our board of directors is comprised of the top energy managers from our member companies and is dedicated to improving energy efficiency and the reduction of greenhouse gases. To that end, we look forward to working with you on this and other related legislation.

Sincerely,



Paul N. Cicio
President

Cc: Senate Committee on Energy and Natural Resources

The Industrial Energy Consumers of America is an association of leading manufacturing companies with \$500 billion in annual sales and with more than 850,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies 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.