



Industrial Energy Consumers of America
The Voice of the Industrial Energy Consumers

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March 17, 2010

The Honorable Peter J. Visclosky
Chairman
Subcommittee on Energy and Water Development

The Honorable Rodney P. Frelinghuysen
Ranking Member
Subcommittee on Energy and Water Development

Re: Department of Energy FY 2011 Budget for the Industrial Technologies Program

Dear Chairman Visclosky and Ranking Member Frelinghuysen:

On behalf of the Industrial Energy Consumers of America (IECA), we urge the Congress to reevaluate its FY 2011 funding priorities within the Department of Energy and the Energy Efficiency and Renewable Energy Program (EERE). We believe spending priorities do not reflect the greatest potential to retain or increase jobs and reduce GHG emissions which are central priorities to the Congress and the Administration. We believe that the DOE research funding of technology in the manufacturing sector offers the greatest opportunity to significantly increase good paying jobs, reduce GHGs and increase exports.

This letter urges you to leverage federal dollars with private sector dollars to invest in next generation technology in the industrial sector. We request that the FY2011 funding for the Industrial Technology Program be increased from \$100 million or 4.2 percent of the EERE Budget, to \$200 million.

We would also like to point out that the FY2011 Budget does not fund the Energy Independence and Security Act (EISA), Section 451 and 452 which called for funding of \$200 million per year. Both provisions were to fund valuable research and development and grants for energy efficiency for the industrial sector.

Last week, President Obama announced an initiative to significantly increase exports. We applaud his actions. Simultaneously, the Congress is debating a climate bill that has the potential to raise energy costs. The reason we bring this up is that investing in technology that increases industrial competitiveness - is the only sure way to assure a strong and vibrant manufacturing sector.

Making the Case for Greater Funding for the Industrial Technologies Program

Developing next generation technology is a significant challenge for the manufacturing sector. Even though large companies make substantial investments in research, breakthrough technologies require long term, higher risk and more expensive investments.

These are often too great for any one company to accept on its own. It was with this understanding that the DOE Industrial Technologies Program was created many years ago.

The DOE Industrial Technologies Program strategy includes “sponsoring collaborative RD&D of high risk, high impact industrial technologies and processes that radically reduce energy intensive and carbon emissions.” The program, rightfully directs its limited funding toward major energy intensive industry sectors like steel, chemical, plastics, paper, glass, aluminum and cement.

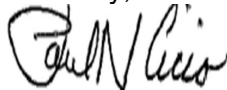
These sectors provide the building block products from which essentially “all” commercial and retail products are made. If these building block products cannot be competitively produced in the US, it becomes more attractive to produce the downstream customer products offshore as well. Our point is that the success of the Industrial Technologies Program in developing new technology that is globally competitive is fundamental to the country’s ability to retain and increase jobs.

No other sector of the economy offers the opportunity to increase good paying jobs. Producing more manufactured goods in the US to displace \$1.5 trillion in imports provides a significant opportunity to increase jobs to revive economic growth.

Finally, the industrial sector emits about 24 percent of the US GHG emissions yet only receives 4 percent of the Energy Efficiency and Renewable Energy Budget. We do not accept the premise that other programs receiving substantially more would be able to retain and increase jobs and reduce GHG emissions as much as this sector. Please consider the important impact additional funding could have on US manufacturing competitiveness as well as GHG emission reductions.

We look forward to working with you to reprioritize spending in the FY2011 Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul N. Cicio". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Paul N. Cicio
President

The Honorable Steven Chu
The Honorable Gary Locke
House Sub Committee on Energy and Water Development

Energy Efficiency and Renewable Energy

(Dollars in Thousands)

| | FY 2010 Current Approp. | FY 2011 Congressional Request | FY 2011 vs. FY 2010 | |
|--|-------------------------|-------------------------------|---------------------|--------------|
| | | | \$ | % |
| Hydrogen Technology | \$174,000 | \$0 | -\$174,000 | -100.0% |
| Hydrogen and Fuel Cell Technologies | \$0 | \$137,000 | +\$137,000 | N/A |
| Biomass and Biorefinery Systems R&D | \$220,000 | \$220,000 | - | - |
| Solar Energy | \$247,000 | \$302,398 | +\$55,398 | +22.4% |
| Wind Energy | \$80,000 | \$122,500 | +\$42,500 | +53.1% |
| Geothermal Technology | \$44,000 | \$55,000 | +\$11,000 | +25.0% |
| Water Power | \$50,000 | \$40,488 | -\$9,512 | -19.0% |
| Vehicle Technologies | \$311,365 | \$325,302 | +\$13,937 | +4.5% |
| Building Technologies | \$222,000 | \$230,698 | +\$8,698 | +3.9% |
| Industrial Technologies | \$96,000 | \$100,000 | +\$4,000 | +4.2% |
| Federal Energy Management Program | \$32,000 | \$42,272 | +\$10,272 | +32.1% |
| RE-ENERGY SE (Regaining Our Energy Science and Engineering Edge) | \$0 | \$50,000 | +\$50,000 | N/A |
| Facilities and Infrastructure | \$19,000 | \$57,500 | +\$38,500 | +202.6% |
| Advanced Battery and Manufacturing | \$0 | \$0 | - | - |
| Alternative fueled Vehicles | \$0 | \$0 | - | - |
| Transportation Electrification | \$0 | \$0 | - | - |
| Information and Communication Efficiency | \$0 | \$0 | - | - |
| Program Direction | \$140,000 | \$200,008 | +\$60,008 | +42.9% |
| Program Support | \$45,000 | \$87,307 | +\$42,307 | +94.0% |
| Weatherization and Intergovernmental | \$270,000 | \$385,000 | +\$115,000 | +42.6% |
| Energy Efficiency and Conservation Block Grants – Competitive | \$0 | \$0 | - | - |
| Energy Efficiency and Conservation Block Grants, Subtitle E title V EISA | \$0 | \$0 | - | - |
| Congressionally Directed Projects | \$292,135 | \$0 | -\$292,135 | -100.0% |
| Subtotal, Energy Efficiency and Renewable Energy | \$2,242,500 | \$2,355,473 | +\$112,973 | +5.0% |
| Use of Prior Year Balances and Other Adjustments | \$0 | \$0 | - | - |
| Total, Energy Efficiency and Renewable Energy | \$2,242,500 | \$2,355,473 | +\$112,973 | +5.0% |