

Written Testimony of
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Before the
House Subcommittee on Energy And Power
July 12, 2012
“Smart Energy Act”

Chairman Whitfield, Ranking Member Rush and subcommittee members, thank you for the opportunity to testify before you on the “Smart Energy Act.” My name is John Marrone and I am the Vice President of Energy Initiatives for the Saint-Gobain Corporation. I am here today to testify on behalf of the Industrial Energy Consumers of America (IECA) and in support of the “Smart Energy Act”.

We wish to especially thank Representatives Bass and Matheson for their leadership on this important issue of industrial energy efficiency.

Saint-Gobain is the world's largest building materials company, as well as a global leader in the production of high-performance materials and glass containers, with sales of \$58.6 billion in 2011 and over 195,000 employees.

Here in North America, Saint-Gobain recorded sales of \$6.8 billion in 2011. We employ some 19,000 people in more than 260 locations across the U.S. and Canada.

IECA membership is exclusively manufacturing companies who consume energy as a fuel and feedstock to produce value-added products that are consumed by every sector of the economy (*see Exhibit A*). Manufacturing consumes about one-third of all natural gas and electricity, and employs roughly 12 million people. They also compete with tough global competition. In many cases, even small changes to the price of energy directly impacts our ability to be competitive.

It is for this reason that IECA and its member companies advocate for policy that supports reliable and affordable energy, including cost-effective energy efficiency.

Simplistically speaking, there are two ways that manufacturing companies can improve their competitiveness and increase jobs. They can either increase revenues or decrease costs. Improving energy efficiency is an excellent way to reduce costs.

After losing about 5.5 million manufacturing jobs since 2000, due to loss of competitiveness and recovering about 500,000 jobs since 2010, we have a long way to go (see *Exhibit B*). We believe that improving energy efficiency is a solid winning policy platform that will contribute to capital investment, emission reductions and the increase in jobs that we all desire.

IECA supports the “Smart Energy Act” for the following reasons:

First, for some time now, manufacturing investment in energy efficiency has been mostly relegated to small capital projects. Large capital projects that offer significant potential energy efficiency gains are rare. We believe that federal and state policies are part of the reason. Section 201 of the bill requires the DOE to examine a variety of potential barriers and provide guidance on how to fix them.

Second, history can provide a good policy lesson in what works and what does not. Provision (i) of the bill requires that the DOE provide examples of past successful federal and state policies that resulted in greater use of industrial efficiency.

Third, some countries have placed a high priority on improving manufacturing energy efficiency and competitiveness. We believe it is important to learn what other countries are doing. Provision (ii) requires the DOE to examine cost-effective policies used by foreign governments to foster energy efficiency.

Fourth, federal energy efficiency matching grants are a policy favored by the industrial sector. A matching grant program is a powerful economic leveraging tool that encourages manufacturing companies to open up their wallets and spend capital that would create jobs and help drive the economy. Provision (C) would require the DOE to estimate the benefits to the national economy of such a program.

Fifth, Section 203 would require the DOE to develop a strategy to double CHP and waste heat recovery capacity by 2020. CHP technology can produce power at up to 80 percent energy efficiency versus a base load power plant at about 34 percent. Use of CHP and waste heat recovery projects can significantly improve the competitiveness of a manufacturing facility. However, since 2005, almost no industrial CHP facilities have been built because of electricity market barriers (see *Exhibit C*). We welcome the DOE strategy.

Thank you.

Exhibit A

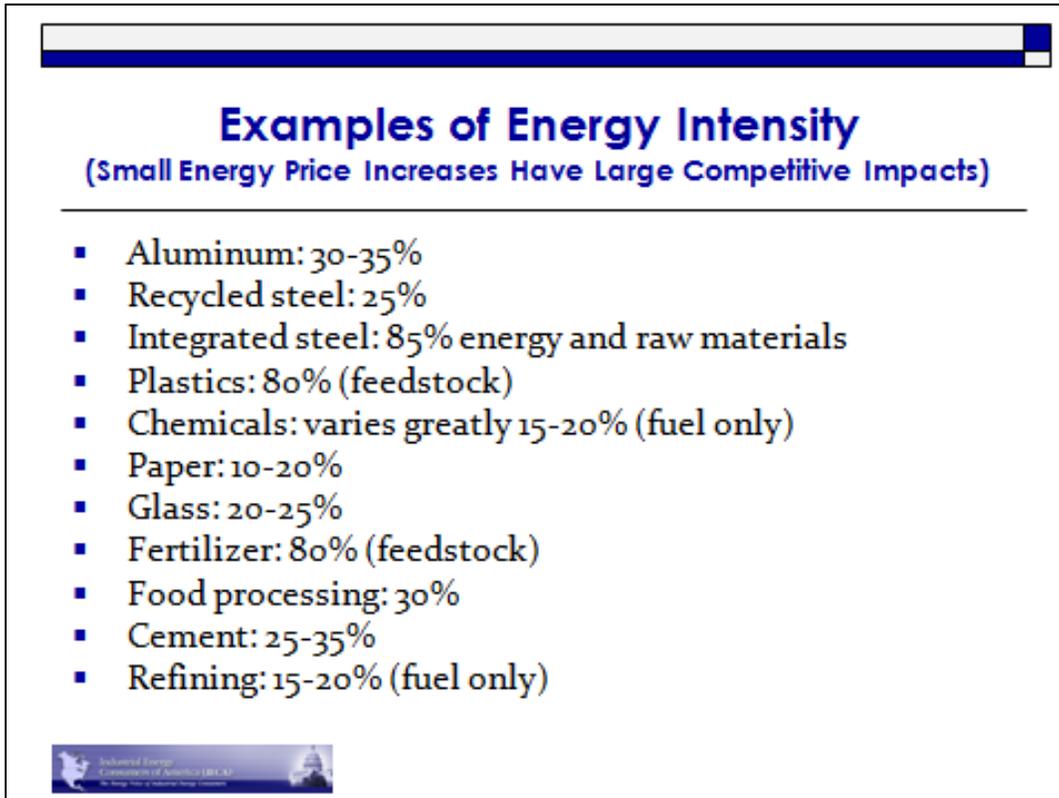


Exhibit B

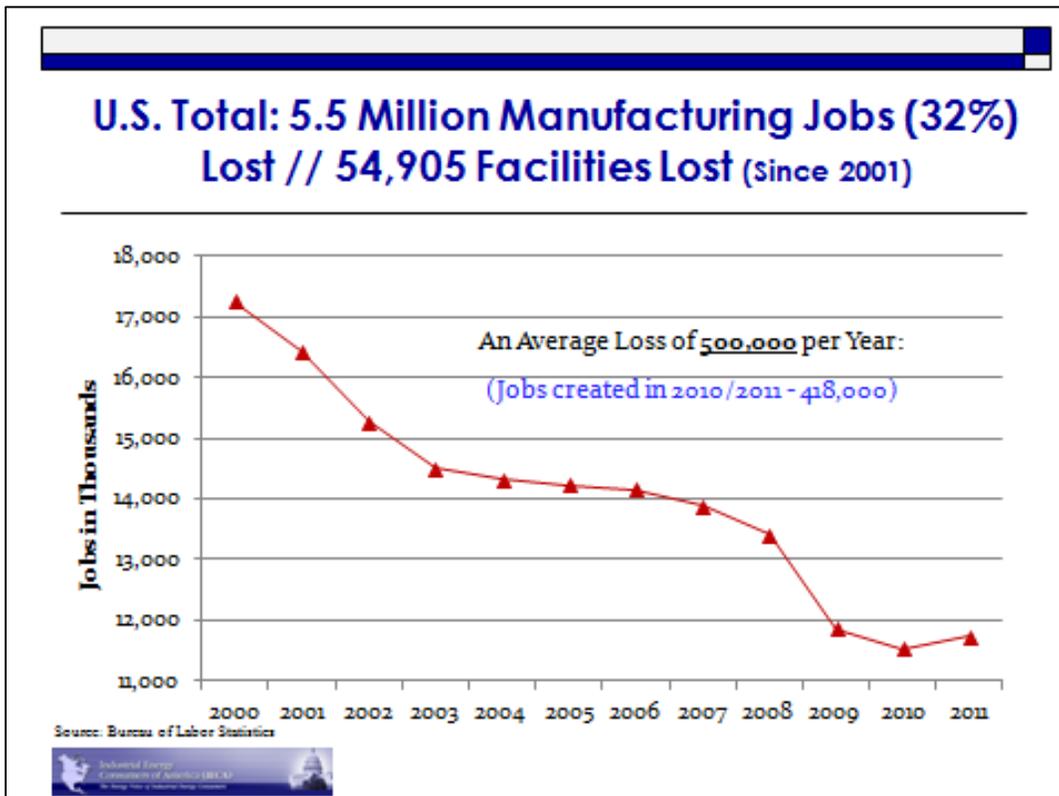


Exhibit C

Almost No New Industrial CHP Since 2005

