



May 14, 2009

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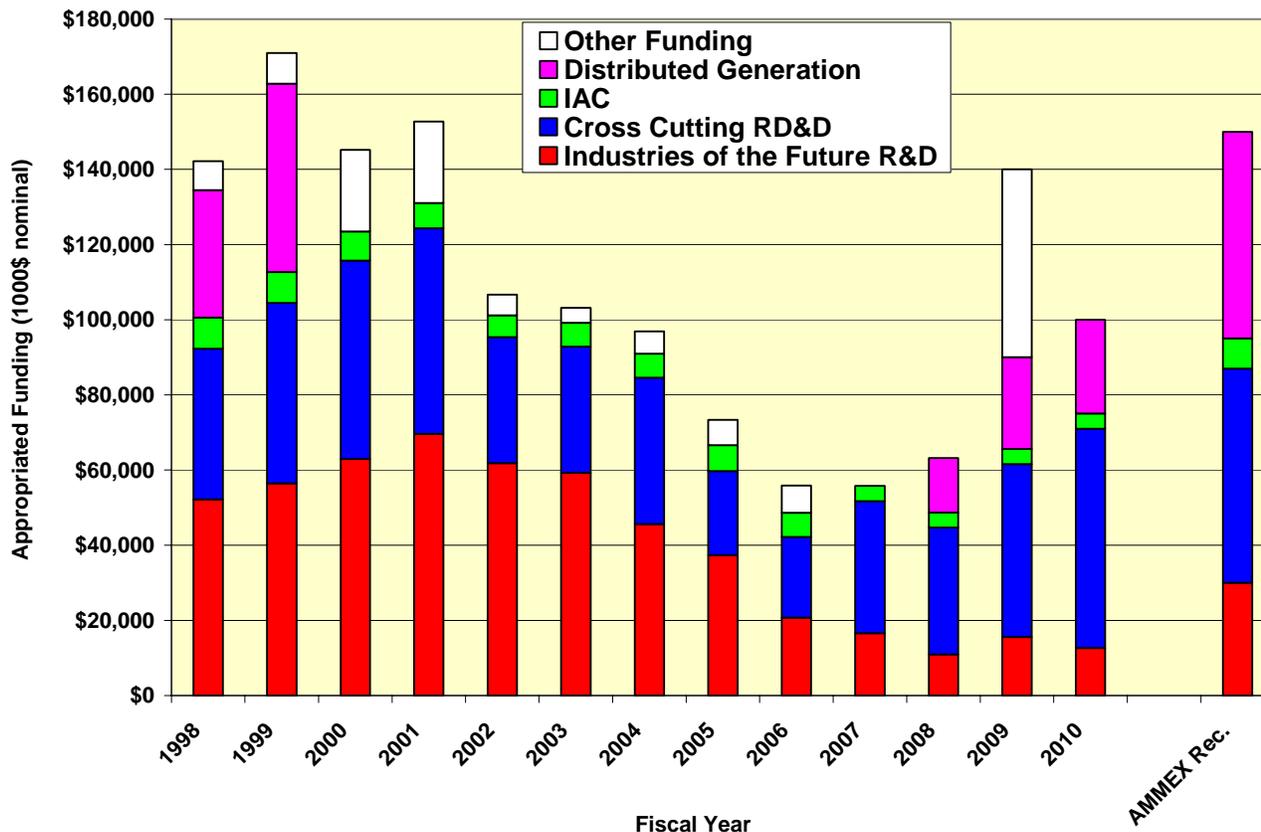
Dear [...],

The Alliance for Materials Manufacturing Excellence (AMMEX) is a coalition of organizations interested in manufacturing energy efficiency policy issues. AMMEX brings together key materials manufacturing sectors including aluminum, chemicals, forest products, glass, metal casting, and steel, along with key stakeholders such as the National Association of State Energy Officials and the American Council for an Energy-Efficient Economy.

AMMEX and the undersigned organizations are writing to express our disappointment in the U.S. Department of Energy's (DOE) 2010 budget request for the Office of Energy Efficiency and Renewable Energy's (EERE) Industrial Technologies Program (ITP). We feel the budget request is misguided both in the overall spending level as well as the allocation of funds within the program.

Overall, we feel that ITP program activities should be funded at no less than \$150 million for FY 2010. As can be seen from the figure below, over the past decade ITP has experienced a significant decline in funding while the scope of the program has expanded to once again include a distributed energy program, as was authorized by the *Energy Independence and Security Act of 2007* (EISA). Our manufacturing industries are experiencing great challenges due to the global economic downturn and domestic energy price volatility. It is critical that we allocate increased funding to energy efficiency activities for this sector. This need is acknowledged and addressed in the *Restoring America's Manufacturing Leadership through Energy Efficiency Act of 2009* (S. 661), introduced by Senators Bingaman and Murkowski, a bill that would expand authorization for ITP.

History of Funding for DOE Industrial Technology Program



In addition, we would like to highlight five specific areas of concern with respect to allocation of funds within the FY 2010 budget request:

Industries of the Future (IOF) Specific R&D: IOF research has long been the focus of ITP, but in recent years the budget has been cut drastically, as can be seen in the figure above. The FY 2010 request is less than one-fifth of the appropriations granted in 2001, and this cut is having detrimental results on the effectiveness of the program. Proper funding would allow the program to continue to save significant energy in the industrial sector and help make American manufacturers more competitive in the global marketplace. Furthermore, Section 452 of EISA specifically reauthorized and directed ITP to perform more industry-specific research, and the recent independent Peer Review of ITP encouraged the program to return its focus to industry-specific research. Congressional activity continues to support an expansion of IOF research with S. 661. The FY 2010 budget requests \$12,627,000 for this program, down from the \$15,575,000 appropriated for 2009. We recommend this amount be increased to \$50 million.

Industrial Assessment Centers (IAC): Within the Industries of the Future cross-cutting research, development, and deployment (RD&D) activities, two specific areas remain underfunded. The IAC program is a long running program with a proven track record of helping small- to mid-sized manufacturers improve their energy efficiency and productivity, and thereby creating and/or retaining good paying jobs. Equally important, though, are the energy efficiency workforce development aspects of the program. The IACs train engineers to be industrial energy efficiency experts. Those trained through this program are highly sought by employers and address the pressing need for a trained workforce to staff future efficiency efforts to make

American industry more competitive and reduce greenhouse gas emissions. The program has historically been funded at \$8 million per year, but its funding has recently been cut by half. We strongly recommend that this program be returned to its \$8 million funding level for FY 2010 and beyond. While this is a small amount relative to other budget numbers, this money will revitalize the IAC program and allow it to continue to help small manufacturers and train new workforce. Additionally, this small increase will help the program prepare for possible future expansion, as recommended in S. 661.

Superior Energy Performance (SEP): SEP, developed by industry and governmental organizations, provides a robust framework for fostering sustainable energy efficiency at the plant level and a methodology for measuring and validating energy efficiency/intensity improvements. This voluntary ANSI-accredited energy-efficiency plant certification program has been piloted in Texas with five plants. The program components include conformance with an energy management standard, application of ASME system assessment standards, and proven energy-intensity reductions. We request that funding for Industrial Technical Assistance be allocated for program and product development. SEP presents a significant opportunity to change the way energy is managed in US manufacturing plants. It can equal the importance of the Green Globes and LEED programs for the built environment; however, during its development phase and transition to a fee-based program, ITP support is urgently needed. SEP supports companies in achieving their Save Energy Now pledge of improving energy intensity by 25% in 10 years. Note: Superior Energy Performance is a different program from the State Energy Projects (also abbreviated as SEP) program.

Distributed Generation (DG): Also within the Industries of the Future cross-cutting RD&D is the DG program, which includes work on combined heat and power (CHP) and recovered waste energy. This program has been particularly effective through its research and technical assistance in addressing the market barriers to expanded clean DG. In particular, the *Regional Application Centers* (renamed by EISA as the *Clean Energy Application Centers*) have been very effective in addressing state-specific barriers to CHP implementation. The DG program has moved between the Office of Electricity and EERE, and is now once again at ITP. Its current budget of \$25 million is significantly less than its height of \$65 million. While we understand this amount cannot be fully funded given the current economic climate, we feel funding the DG program at \$35 million will allow the program to operate more effectively and help stimulate investments in efficient CHP and waste heat recovery.

Distributed Energy Grant and Loan Programs: The ITP request does not include funding for the grant and loan programs authorized by EISA in Sections 451 and 471. We support additional funding for these important and complementary activities on top of the \$150 million we are requesting for ITP operations.

Thank you for the opportunity to provide input into your committee's deliberations. Should you have questions please contact Raymond Monroe, Chairman of AMMEX (815-455-8240, monroe@sfsa.org) or any of our undersigned members.

Sincerely,

Agenda 2020 Technology Alliance of the
American Forest & Paper Association
Aluminum Association
American Council for an Energy-Efficient
Economy
American Iron and Steel Institute
B. A. Thorp
Chemical Industry Vision 2020

Glass Manufacturing Industry Council
National Association of State Energy Officials
Northeast-Midwest Institute
Steel Founders Society of America