

ACEEE Analysis: FY2012 DOE Budget Request Shows Focus on Manufacturing Efficiency

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After the State of the Union last month, President Obama called for a doubling of federal funding for energy efficiency. He also recently promoted Ron Bloom, his Senior Counselor for Manufacturing Policy and former “Auto Czar,” to the National Economic Council to exclusively oversee manufacturing sector activities¹. This focus on manufacturing and energy efficiency was evident in the White House's budget request for the Department of Energy. The *Office of Energy Efficiency and Renewable Energy* (EERE) saw an overall 40% increase over the FY2010 enacted budget, with a significant portion of that attributable to the *Industrial Technologies Program*, which saw an increase in excess of 300%².

The current Administration has been slowly rebuilding ITP after years of budget cutbacks, as shown in the attached bar graph. The \$320 million ITP budget request for 2012 is a surprising, but certainly welcome, increase. Listed below—and shown in detail in the pie chart—is a breakdown of some key provisions in the new budget:

- **Industries of the Future** industry-specific R&D is zeroed out, after ten years of declining budgets (despite solid successes in technology adoption). — **\$0**
- In its place is a new program called **Next Generation Materials** (NGM), which focuses on early-stage R&D for a variety of advanced materials to support clean energy and advanced manufacturing. — **\$101 M**
- A subset of the NGM program is funding for an Energy Innovation Hub for Critical Materials, to be selected through a competitive bidding process similar to that which selected the three existing hubs³. — **\$20 M**
- The **Industrial Assessment Center** (IAC) program now shares a line-item with the **Combined Heat and Power Regional Clean Energy Application Centers** (CHP RAC), making it difficult to determine an exact funding level for each program. Based on the budget explanation, we anticipate the chronically underfunded IAC program to increase by few million. It is unclear how much, if any, of the increase will go to the CHP RACs. — **\$11 M**
- DOE will continue to fund current **Combined Heat and Power** (CHP) research and projects, but once current funding commitments are met, CHP research will be fully integrated into the NGMP program (listed below). This will likely eliminate CHP as a line item in the budget. — **\$25 M**
- The **Save Energy Now Leaders** program shows a significant cut, and will likely focus less on energy audits but continue work on tool development and training. — **\$10 M**
- Funding for the new **Energy Efficiency Partnerships** is in line with Manufacturing Policy Advisor Ron Bloom's request for more inter-agency coordination. This new effort would fund cooperative work with the *National Institute of Standards and Technology* (NIST) at the Department of Commerce. A portion of this funding is likely for the inter-agency E3 program, which involves the *Manufacturing Extension Partnerships* (MEP) program at NIST. — **\$50 M**
- The budget sets aside funds for work on ISO/ANSI energy management standards, currently undertaken by the **Superior Energy Performance** program. — **\$4 M**
- **Manufacturing Energy Systems**, first proposed (but unfunded) by the FY2011 budget request, would establish a number of centers to work on R&D for emerging and clean energy technologies. — **\$15 M**
- Finally, there is a substantial increase in cross-cutting R&D, now under the **Next Generation Manufacturing Processes** (NGMP) program. — **\$129 M** (note: this total includes the \$25 M CHP program listed above)

While the final ITP budget will depend upon what Congress is willing to enact, the Obama Administration has shown its support for manufacturing by beginning the budget process with a much stronger request than any time in recent memory. In addition, the program faces the most sweeping structural changes in the past decade. Overseeing these changes is a new ITP director, Dr. Leo Christodoulou, who is just transitioning into that position⁴.

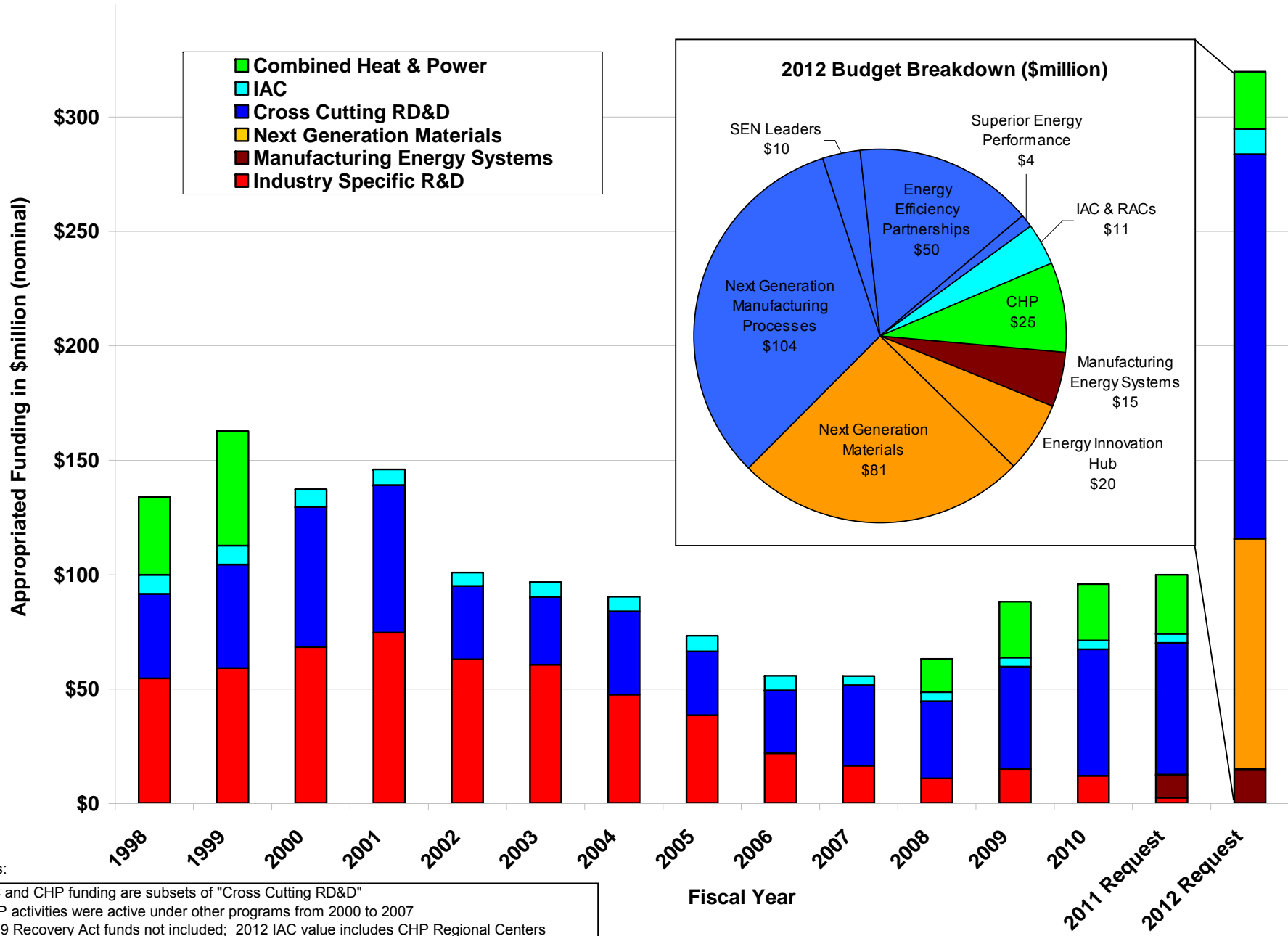
¹ http://www.whorunsgov.com/Profiles/Ron_Bloom

² <http://www.cfo.doe.gov/budget/12budget/index12.html>

³ <http://www.energy.gov/hubs/>

⁴ ITP directory: <http://www1.eere.energy.gov/industry/about/contacts.html>
Christodoulou bio: <http://www.darpa.mil/dso/personnel/christodoulou.htm>

DOE Industrial Technologies Program Requests and Appropriations



Notes:

- IAC and CHP funding are subsets of "Cross Cutting RD&D"
- CHP activities were active under other programs from 2000 to 2007
- 2009 Recovery Act funds not included; 2012 IAC value includes CHP Regional Centers
- In the 2012 budget, Next Generation Manufacturing Processes includes CHP, totaling \$129 M