

Restoring Funding for the Industrial Assessment Center Program at DOE

Prepared by ACEEE

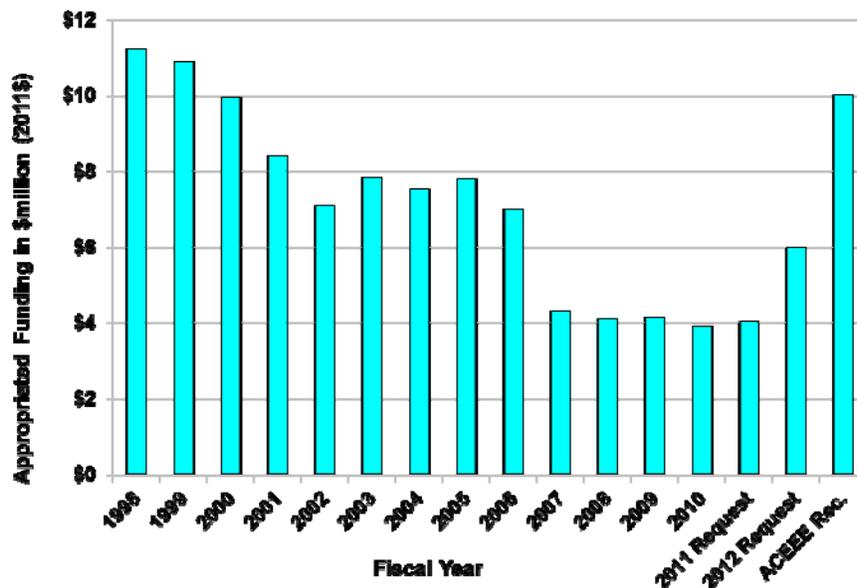
September 2011

Background: The Industrial Assessment Center (IAC) program is one of DOE's most effective programs, and has been operating continuously for over three decades. The program trains engineering students at universities in manufacturing energy efficiency while providing small and mid-sized factories with energy-saving technical assistance. Students work closely with their professors, providing free energy assessments to small- and medium-sized manufacturing firms. Audits emphasize easy-to-implement and inexpensive measures with rapid payback. Manufacturing firms have historically implemented over half of the program's recommendations.

There is a shortage of skilled energy engineers in both manufacturing companies and among energy efficiency programs and consultants. The IAC program has been one of the most important sources of new hires in this area; the 120 annual graduates of the program are always in very high demand. Restored funding will allow the program to greatly increase the number of students it trains, helping to fill currently vacant engineering positions. Furthermore, the program is critical to supporting university faculty working in the area of manufacturing energy efficiency, and allows them to maintain energy efficiency as part of their curriculum, providing important energy efficiency training to an additional 2,600 students annually.

Funding for the IAC program has declined in real-dollar terms since the late 1990s, with a dramatic drop in 2007 (see figure below) when DOE leadership sought to terminate the program. With the 2012 budget request, DOE has taken a good first step in increasing the budget to \$6 million, but more is needed. This funding level will return the program to sustainable levels, as its funding has been cut over 60 percent in the past dozen years.

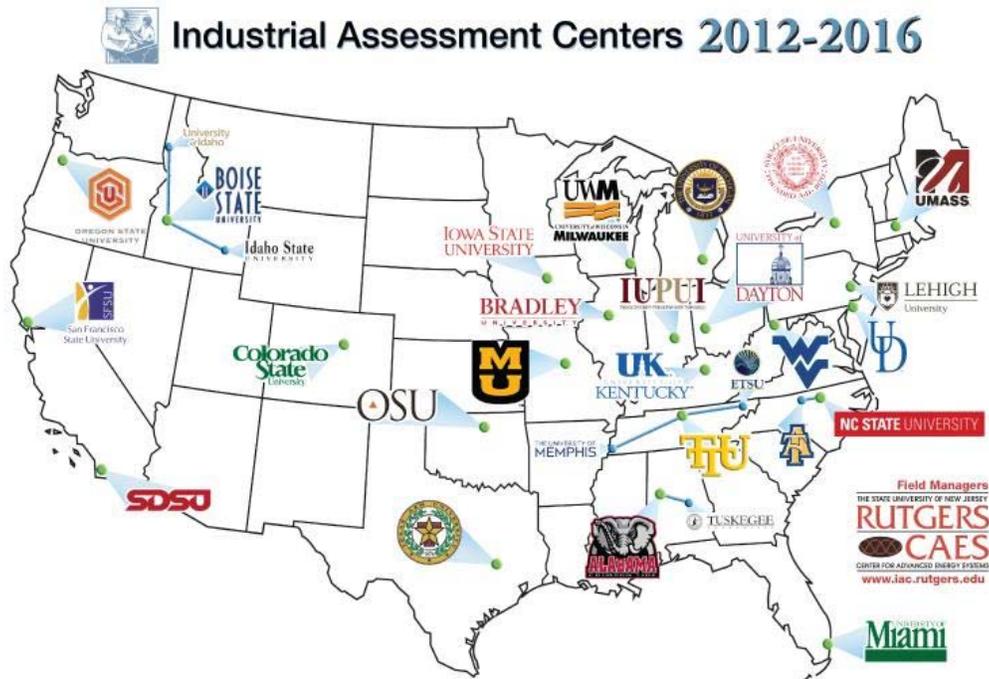
Industrial Assessment Center Funding, 1998-2012



With the recent awards, the IAC program will fund 24 universities in 23 states across the country (see map on the next page).¹ We recommend that as part of the federal Energy and Water appropriations process, funding for

¹ Additional information on the current program can be found at: <http://www1.eere.energy.gov/industry/bestpractices/iacs.html>.

existing centers be doubled immediately, thus increasing the number of students and assessments by a factor of more than two beginning in fiscal year 2012. In addition, we recommend that funding be further increased beyond the 2012 recommended level to allow the establishment of approximately 10 additional centers to be chosen through a RFP—the same process by which the existing centers were chosen. These new centers would be able to provide assessments and trained engineers to states not currently served by existing centers.



Impacts: Currently the IAC program graduates about 120 engineers per year and identifies an average of over \$200,000 in savings for each industrial firm assessed — identifying over \$100 million in annual savings as a result of a single year of assessments, with roughly half of these savings implemented. If program activities were restored, the number of graduates would increase to about 250 students per year and the assessments conducted would result in \$50 million in energy savings annually at small and mid-sized manufacturing plants. These energy savings result directly in jobs, namely those who install energy efficiency measures and those who manufacture the energy efficiency equipment installed at industrial firms. Additionally, these energy savings help firms keep a major operating cost in check, improving their economic viability and their retention of employees.

Authority: The IAC program was reauthorized as part of Sec. 452 of the *Energy Independence and Security Act of 2007*, though no specific funding or number of centers were specified. Fiscal year 2012 appropriations should be no less than \$10 million for the program. Sec. 204 of the Senate's *American Clean Energy Leadership Act of 2009* (ACELA) bill would eventually increase funding to \$40 million per year, increase the number of centers, and establish Centers of Excellence to coordinate with other IACs, regional organizations, and other federal programs.

Recommendation: Congress should at minimum restore funding to the DOE's IAC program to the previous level of \$10 million for fiscal year 2012 and beyond. Long-term funding beyond 2012 is imperative as schools will not commit to developing or expanding a program if they believe their funding will immediately ramp down, as has happened in the past. A healthy IAC program will result in more engineers trained in industrial energy efficiency, as well as increase the competitiveness of small to mid-sized manufacturers in the U.S. Furthermore, Congress should consider substantially expanding the program as laid out in the Senate's *American Clean Energy Leadership Act of 2009*, with an accompanying increase in appropriated funding.

Contact:

Dan Trombley, dtrombley@aceee.org
R. Neal Elliott, rne Elliott@aceee.org
Anna Chittum, achittum@aceee.org