



American Chemistry Council Statement for the Record

S. 1000, the Energy Savings and Industrial Competitiveness Act

Submitted to Senate Energy and Natural Resources Committee

June 9, 2011

Introduction

The American Chemistry Council welcomes this opportunity to state our support for the *Energy Savings and Industrial Competitiveness Act of 2011* (S. 1000). The Council thanks Senators Shaheen and Portman for developing and introducing the bill, and we thank Senators Bingaman and Murkowski for holding today's hearing.

Energy efficiency must have a prominent place on the nation's energy policy agenda. After all, it's a proven way to help America save energy and money while creating jobs. Unfortunately, energy efficiency has been devalued in the clean energy policy discussion this year. The Obama Administration's Energy Blueprint, for example, specifically excludes energy efficiency from the definition of "clean energy" in its proposed national clean energy standard. We are dismayed that champions of clean energy would exclude cost-effective and proven emission-reduction and energy-savings strategies from a clean energy deployment program.

We strongly believe that energy efficiency must not be relegated to some vague suite of "complementary" programs. If policy awards tradable credits to "qualified" clean energy technologies and energy efficiency is excluded from the list, then that would only lead to underinvestment in cost-effective efficiency solutions and overinvestment in more expensive, less effective products and technologies. Developing a clean energy economy that can compete with the rest of the world demands that policymakers maximize energy efficiency's contribution to the nation's energy portfolio.

Given the second-class status of energy efficiency in some policy circles, we are especially pleased to see the Committee deliberate the Energy Savings and Industrial Competitiveness Act. The bill contains a series of measures that each save energy and reduce costs. S.1000 restores energy efficiency to its rightful place high on the nation's energy policy priority list.



American Chemistry and Energy Efficiency

America's chemistry companies are leaders in energy efficiency. They invent and make products used in building insulation, appliances, lightweight vehicle parts, windows, engine lubricants, compact fluorescent light bulbs, energy storage systems, thermal coatings, water saving systems and many others. These markets are significant, and growing.

In today's highly competitive global commerce, we know that being energy-efficient in our own operations helps our industry reduce costs and maintain U.S. production and jobs. This commitment has led to a 56 percent improvement in energy efficiency since 1974, and 33 percent since 1990. Just last month, we recognized member companies for implementing energy efficiency improvements in 2010 that saved 14.8 trillion BTUs – enough to power the homes of Akron, Ohio's 210,000 residents for one year.

It is important to recognize that affordable, reliable energy supplies are vital to making the United States a competitive producer of energy efficient products and services. For example, the domestic chemical industry relies on natural gas liquids (e.g. ethane) to make chemistry that is used to make energy efficiency products. Policies that create reliable natural gas supplies directly affect whether America has a globally competitive manufacturing sector to make the products that drive energy efficiency throughout the U.S. economy.

Specific Comments on S. 1000

Title I- Buildings

Subtitle A- Building Energy Codes

ACC is a longtime supporter of updating building energy codes. Buildings currently consume 40 percent of all energy used in the United States. Building codes help investors overcome the market barriers that impede energy savings in this sector, while reducing energy costs for businesses. ACC commends the authors for setting a goal of zero net energy in new buildings by 2030.

Subtitle B- Appliance Standards

This section of the bill would require conservation and energy efficiency standards for a broad range of appliances. These include, heat pump pool heaters, GU-24 base lamps, bottle-type water dispensers, commercial hot food holding cabinets, portable electric spas, refrigerators and freezers, room air conditioners, water heaters, clothes dryers, dishwashers, reflector lamps, outdoor lighting, commercial furnaces, and a specific type of commercial refrigerator.



According to the American Council for an Energy-Efficient Economy, appliance standards provisions in the bill will cut consumers' home energy costs by \$43 billion through 2030. Existing federal appliance standards have saved taxpayers more than \$300 billion in energy bills and reduced national energy use by 3.6 percent annually. This provision is identical to S. 398, which was recently reported by the Senate Energy and Natural Resources Committee with a bipartisan 18-4 vote.

American Chemistry Council member companies supply a wide range of materials and products that enable appliances to be more energy efficient.

Title III- Industry

Manufacturing Energy Efficiency

The bill would establish a \$700 million loan program for 2012 through 2021 for manufacturers to adopt commercially available technologies and processes that “reduce systems energy intensity, including the use of energy intensive feedstocks.” The Secretary of Energy would be directed to provide an assessment of commercially available energy efficiency technologies that are not widely implemented for a number of sectors including (but not limited to): chemicals, steel, aluminum, and paper.

The bill would establish a public-private partnership to develop industry-specific roadmaps to identify the technologies necessary to reduce energy intensity and greenhouse gas emissions. It would also establish a sustainable manufacturing initiative as part of the Industrial Technologies Program of DOE. With this fund, domestic manufacturers could fine-tune their equipment, improve use of water in their process, reduce utility related overheads, and strengthen their bottom-line.

We believe Title III will help industries identify additional energy efficiency opportunities and can serve as a springboard to attempt even more ambitious industrial energy efficiency programs in the future.

Conclusion

The Energy Savings Act also contains a provision based on the Rural Star legislation which was passed by the House of Representatives last year. This program would create a loan program through rural public utilities and electric cooperatives to finance energy efficiency improvements for rural utility customers. Sponsors of the original bill estimate that it will create 20,000 to 40,000 jobs to conduct and implement these energy improvements. ACC supported Rural Star legislation in the last Congress and we continue to support it today.

In conclusion, we'd like to leave the committee with three thoughts:

- Energy efficiency must be recognized as a cornerstone of any clean energy policy agenda



- The domestic chemistry industry is a leading supplier of products and technologies that make energy efficiency possible
- A sound domestic energy supply policy is critical to implementing a successful energy efficiency strategy

Thank you for this opportunity to express ACC's support for S. 1000 and to comment on specific provisions of the bill.

