

Written Testimony Submitted by
Michael H. Thaman
Chairman and CEO
Owens Corning

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Subcommittee on Energy & Environment

Hearing on
"Home Star: Job Creation Through Home Energy Retrofits

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Chairman Markey, Ranking member Upton, and members of the Committee: Thank you for this opportunity to testify today before your Sub-Committee regarding what is commonly referred to as the Home Star Program. I also thank the Committee for holding this hearing and demonstrating your leadership in recognizing the importance of energy efficiency as it relates to national energy policy.

My name is Mike Thaman. I am Chairman and CEO of Owens Corning, a global company based in Toledo, Ohio. I am proud of Owens Corning and our energy-efficiency focus. Our Company was founded in 1938 when we first commercialized glass fibers that led to the creation of fiberglass insulation. We produce more energy-saving insulation than anyone else in North America.

We operate 55 manufacturing facilities in the U.S., including insulation plants in Ohio, California, Texas, Georgia, New York, Kansas, Utah, Oregon, Arizona and Illinois.

In the midst of the downturn in the U.S. economy and the housing industry, we have experienced significant job loss at Owens Corning.

The businesses in our Building Materials Group in the U.S. today employ 25% fewer people than at the peak of the U.S. housing cycle in 2006. In 2009, our Insulation plants operated at only 50% of capacity, compared with full utilization in 2006.

Contractors who buy and install our insulation are struggling, as well. Data from the Insulation Contractors Association of America indicates that the unemployment rate in the installer community is about 30% -- three times higher than the current national unemployment rate.

I join you today in support of Home Star and your effort to create jobs in America. Home Star, as currently proposed, will create demand for the residential insulation products that my company manufactures and sells.

Home Star will create jobs at Owens Corning. As important, it will create work for insulation contractors across the country, as well as the suppliers and distributors that make up the sales and supply chain supporting America's insulation industry.

As you know, Home Star is designed to provide financial incentives for energy efficient investment in residential buildings.

It has two primary components: Gold Star, which provides incentives for comprehensive energy audits and performance-based energy solutions; and, Silver Star which provides immediate, near-term incentives to drive specific energy-saving investments like insulation, windows, doors, HVAC systems and water heaters.

While we support both components of the program, we believe that Silver Star is more likely to have the most immediate impact on jobs. Gold Star will draw attention to the value of energy efficiency in the major retrofit of existing U.S. homes.

We have carefully studied Home Star. It will create jobs at Owens Corning and at many other businesses that employ workers across the housing sector. Home Star will also reduce energy use and homeowners' utility bills. That's important.

According to the EPA, the average U.S. household spends more than \$2,200 a year on energy bills, with nearly half going to pay heating and cooling costs.

Buildings in this country are the largest energy consumers. Buildings consume 40% of our nation's energy and over 70% of America's electricity. Buildings are also responsible for 40% of green house gas emissions in the U.S. Our homes are with us for generations. Many of our nation's homes were built before there were appropriate energy codes, or any energy codes at all.

The fundamental rationale for investing in energy efficiency home retrofits is compelling, and the outcomes are measurable and meaningful.

Today, more than 80 million of America's nearly 130 million homes are under-insulated. As a leading producer of insulation products, our best estimate tells us that each year 99% of U.S. homeowners will not reinsulate their homes without financial incentives. At the same time, our experience has shown us that financial incentives will drive people to invest in energy efficiency products when those incentives are meaningful and when the process to access them is simple and direct.

Insulation reduces energy costs to a homeowner. A study published in 2007 by the global consultancy McKinsey & Company reports that insulation is the most cost-effective way to reduce energy consumption and carbon emissions in the U.S.

In the midst of the current economic downturn, and with the national unemployment rate surpassing 9%, putting Americans back to work to make energy-saving investments is a sound idea. Home Star gives all Americans an opportunity to act and an opportunity to make a difference in creating jobs and saving energy. Home Star's direct approach will drive demand and create sustainable U.S. jobs. By including rebates for insulation purchased on an installed basis or at retail, all American home owners can participate in the program.

~~This is a good policy because there are certain consumers who prefer to do the job themselves. These people should not be left out of the program.~~

When we drive demand for insulation, we will create U.S. jobs.

The insulation industry is uniquely U.S. job centric. Virtually all of the insulation-related jobs – from raw materials, to delivery, sale and installation – occur within several hundred miles of a manufacturing plant.

Home Star can be a job-creation bridge for thousands of unemployed insulation makers and installers who are awaiting the return of the U.S. housing market.

Today, leading economists report that the housing market will not see pronounced recovery until 2011, perhaps 2012. Without Home Star, the outlook for unemployment in our industry is not expected to improve any time soon.

Home Star is a great opportunity to create jobs, save energy, become more energy secure and to reduce energy bills.

Putting people back to work is sound economic policy. Making existing homes more energy efficient is sound energy policy.

I urge you to take the necessary steps to ensure that Home Star becomes law. I look forward to answering any questions you have.