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Indiana needs to get energy-wise

As the 14th-most-populous state in the union, Indiana generates a gross state product that is 16th-largest of the 50 states. Unfortunately, despite significant investments in equipment and processes by manufacturers and public-policy efforts to encourage

the attraction and growth of knowledge- and technology-focused industries, our economy remains energy-inefficient.

In 2003, Indiana was the country's sixth-largest consumer of energy per capita, according to the Indiana Energy Report. Ninety-seven percent of Indiana's electricity is generated by coal. Indiana is the fifth-largest emitter of carbon dioxide per capita.

Indiana's elected officials should be making investments in residential and commercial energy efficiency. Perhaps we should organize a statewide commission to develop policies that aid businesses and homeowners in making their buildings and residences more energy-efficient, creating an environmental and economic benefit for the state.

In 1992, the Environmental Protection Agency started the Energy Star program as a market-based approach to reducing greenhouse-gas emissions through energy efficiency. To earn the Energy Star



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Commentary

designation, homes must be independently verified as meeting EPA's strict guidelines for energy efficiency with effective insulation, high-performance windows, tight construction and ducts, efficient heating and cooling equipment, and efficient products. To date, these homes have realized more than \$180 million in annual savings by saving more than 1 billion kilowatt hours of electricity and 100 million therms of natural gas.

Sixteen states have locally focused programs to train contractors to assist homeowners in a holistic assessment of how to improve energy efficiency and air quality. Unfortunately, Indiana is not one of them. Many states and local utilities offer incentives for homeowners to install energy-efficient appliances, heating and cooling systems, and windows.

The Indiana Residential Rebate program for geothermal-heat pumps is expected to be implemented this month. I hope the state will consider following the lead of Massachusetts, which waives the sales tax on geothermal-heat pumps, which can cost in excess of \$20,000 for a 3,000-square-foot home. Ohio offers a loan fund from which qualifying Ohio residents can receive reduced interest rates on bank loans for energy efficiency and renewable energy projects.

Indiana should also look closely at developing programs that provide small and large businesses with incentives to improve their energy efficiency. The

Illinois Small Business Smart Energy Program helps small companies identify ways to reduce energy costs and design energy-efficient buildings. Indiana should take the lead in developing public policies that challenge and reward companies for developing energy-efficient buildings and more energy-efficient operating processes.

A well-rounded set of energy-focused policies could include efficiency standards for buildings and appliances; stipulations that utilities generate electricity from renewable resources like wind or solar; tax credits for the purchase of home-heating and -cooling systems; mileage and emissions standards for cars, trucks and boats; and a cap-and-trade system for the amount of harmful emissions a factory or power plant can emit. We might also consider loan guarantees and fast-track licensing for nuclear power plants. Indiana could impose a carbon tax that would push the market from fuels that emit high levels of carbon dioxide.

To date, we have single-mindedly devoted excessive government support and tax incentives to the production of ethanol. A more balanced set of bio-focused policies will allow Indiana to set a refulgent standard for environmentally focused, high-tech development. •

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