

Energy Policy

Mission

To facilitate a clean environment and sustainable economic development by promoting energy reliability, energy efficiency and the use of alternative energy resources.

Summary of Activities

The **Department of Commerce** (DOC) Energy Policy Division (EPD) operates primarily in three areas: fossil fuels, alternative fuels, and energy-efficiency programs.

Fossil-fuel activities include the gathering and maintenance of data on coal, natural gas, petroleum fuels, and electricity. Communication with other state and federal agencies, fuel producers and electric utilities helps maintain reliable supplies of fuel and electricity for Indiana consumers. The promotion of Indiana coal is also a component of EPD's fossil-fuel activities.

Alternative-fuel activities include the promotion of alternative fuels (such as natural gas, ethanol, electricity, and propane) for motor vehicles. The Alternative Fuel Transportation program provides grants of up to \$10,000 to cover the incremental cost of alternative fuel vehicles or fuel. The new Alternative Fuel Infrastructure program provides up to \$30,000 for the building of alternative fuel vehicle refueling facilities. The EPD is active in the Clean Cities program, a federal public/private partnership program that promotes alternative fuel vehicles. The EPD also offers Alternative Power and Energy grants of up to \$10,000 for non-transportation alternative fuels; such as wind, solar, geothermal and waste-to-energy projects; and offers a limited number of Renewable Energy Demonstration Grants for projects that are highly visible and demonstrate to the public novel applications of renewable energy technologies. The Biomass Grant Program funds research into finding new ways to derive energy from biologically based materials.



Energy-efficiency activities are aimed at saving money for Indiana consumers and businesses through the reduction of energy consumption. Energy efficiency also creates environmental benefits by preventing emissions. DOC activities include the free testing of vehicles for fuel efficiency, grant and loan funds for industrial energy efficiency, building renovations, and the implementation of energy-efficiency measures in public institutions.

In all of these areas, the DOC Energy Policy Division acts as a clearinghouse for a wide variety of energy issues, providing expertise to the public, Indiana businesses, and other agencies of state government.

External Factors

The Energy Policy Division's programs are highly dependent on federal funding through the State Energy Program administered by the U.S. Department of Energy. The state receives approximately \$800,000 in federal funds each year, and State Energy Program funds are subject to fluctuations in annual federal appropriations.

The success of EPD programs is often dependent on volatile energy markets. When market prices for energy or for specific fuels are high, the ability of the division to identify solid, cost-effective projects improves. High fossil-fuel prices also tend to increase interest in alternative fuels among both businesses and the public. However, high prices also tend to be accompanied by restricted supplies of energy products, making it more difficult to ensure availability. Therefore, the type and intensity of EPD activities tend to change with fluctuations in the global energy markets.

Evaluation and Accomplishments

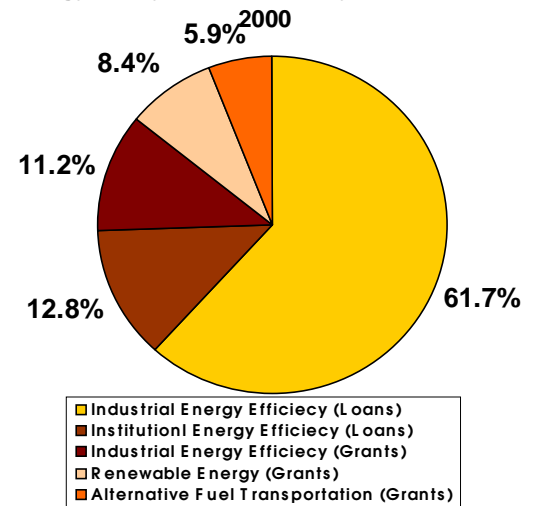
During a period (1999-2000) that saw rapid increases in energy costs, the EPD provided 20 projects with a total of \$1,560,477 -- \$1,155,999 in loans and \$404,478 in grants -- with loan funds being used for energy-efficiency projects and grants for efficiency, renewable energy, and alternative-fuel vehicle projects. Projects funded included loans and grants for the purchase of energy-efficient or alternative-fuel equipment, grants for research and development, and grants for the promotion of alternative and renewable fuels. Funds provided for the purchase and installation of equipment totaled \$1,243,757. The estimated energy savings to the Indiana businesses and institutions that received these funds was \$1,078,251 per year, a substantial investment payback for wise energy decisions. In addition, free testing helped 3,863 Hoosier motorists determine the fuel efficiency of their vehicles

Examples of EPD projects include Tiny Timbers, a small specialty lumber operation in Jefferson County. They received a \$10,000 grant to install a wood waste boiler to heat their shop and wood-drying kiln. In the year and a half that the boiler has been operating, Tiny Timbers has saved approximately \$645 per month, or over \$7,700 per year. EPD also granted \$10,000 to the Indianapolis Airport to help build a compressed natural gas refueling site for three parking lot shuttle buses. Each bus drives 50,000 miles per year, and would consume 5,000 gallons of diesel fuel. Instead, they run on natural gas, saving the airport over \$6,000 per year while helping to improve Indianapolis' air quality. Three more natural gas buses have since been added to the fleet.

Plans for the Biennium

EPD plans to continue promoting energy reliability, energy efficiency and the use of alternative energy resources. As recent events have shown the need for greater conservation of petroleum products and electricity, emphasis will be placed on industrial and institutional energy-efficiency programs. By conserving energy, Indiana businesses and institutions can continue to grow while helping mitigate energy-supply problems. Renewable energy efforts will also be emphasized.

Energy Policy Financial Aid by Area, FY 1999-2000



<u>Program: 0630</u>	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Appropriation (All Funds)	\$1,755,071	\$1,632,319	\$1,632,319	\$1,943,635	\$1,943,635
Expenditures	\$1,802,752	\$1,771,981	\$1,924,673		

Sources of Funds FY 2001 (Approp)				Uses of Funds FY 2001 (Approp)			
General	Dedicated	Federal	Other	Personal Services	Distributions	Capital	Other
52%	5%	43%		45%	35%	20%	