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Industry brass unsatisfied with federal energy bill

By Claire Duffett

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SYRACUSE — On Aug. 8 President Bush signed a \$12.3 billion energy bill, called the Energy Policy Act of 2005, providing tax subsidies and conservation incentives to U.S. energy companies and citizens. But the legislation fails to relieve American dependence on foreign oil, some area experts say.

"I give this legislation a D-plus, at best, because it doesn't deal with the critical issue: how to move to real energy independence," says Steven Cowell, chairman and CEO of Conservation Services Group, Inc. (CSG), and CSGServices, Inc. "It doesn't have the broad vision or direction in terms of getting us out of the mess we get deeper in every day."

The bill falls short of instituting any real change in U.S. energy production, Cowell says. CSG, an Albany-based non-profit firm with an office in East Syracuse, promotes renewable and efficient energy through contracts with government agencies including Long Island Power Authority and New York State Energy Research and Development Authority (NYSERDA).

The 1,724-page bill passed

with bipartisan support. The Senate approved the measure 85 to 12, with 41 Democrats voting in favor of the bill. The House of Representatives voted 275 to 156, with 75 Democrats approving the measure.

The act provides tax breaks and loan guarantees to nuclear power plants, coal-technology producers, and wind-energy farms. It also gives tax credits to consumers who buy hybrid gasoline-electric cars and make energy-efficiency improvements to their homes.

But the legislation, which will spend \$12.3 billion in the next 10 years, focuses too much on subsidizing large energy firms and contains setbacks for citizens and start-up energy firms, Cowell and others contend.

The majority of benefits are paid out to firms in the production sector of the energy industry, says Richard Kornbluth, co-owner and president of Syracuse-based EnTherm, Inc. EnTherm conducts energy-related home improvements on existing buildings. The firm's upgrades increase the efficiency of residential insulation, windows, doors, and furnaces.

NYSERDA's Energy Star program is far more efficient and comprehensive than the federal

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legislation, Kornbluth says. The "New York Energy Smart" and "Energy Star" programs provided through NYSERDA and the Public Service Commission, offer substantially more tax breaks and incentives for consumers than the federal legislation, he says.

For example, the state program provides up to \$2,000 in cash back for various energy-saving home upgrades, while the federal legislation offers up to \$500 in tax credits or 10 percent of total expenditures, whichever is less, Kornbluth explains. The tangible assistance the state program provides — actual cash — is a more appealing incentive to consumers, Kornbluth says.

"The [state] incentives provide a marketing boost to our business, kind of like a rebate on a car purchase," Kornbluth says. Kornbluth hopes consum-

ers planning to upgrade their homes' energy efficiency will not wait until Jan. 23, 2006, when Congress begins session, to implement the improvements, because it will not be worth the wait, he says.

Cowell cites arbitrary restrictions in the "fine print" of the legislation, such as restricting ethanol producers, as a further restraint on the bill's efficiency. Only four states have sugarcane to be used as ethanol, while a host of other discarded products can be converted into useable biofuel, Cowell says. "This legislation was a disappointment, and does little other than push money from one person's pocket to another," Cowell says.

The legislation also limits the number of people who will receive its benefits, Cowell says. Starting in January 2006, the bill offers a \$2,000 tax credit for the

first 60,000 hybrid cars, and discounts on the first 1000,000 energy-efficient home appliances, he says.

Although there are limitations, the act is still a helpful addition to existing subsidies, says Gerald Conway, general counsel for Plug Power Inc. (NASDAQ: PLUG). The federal bill is a massive piece of legislation that addresses and seeks to boost every form of energy generation, Conway says.

Plug Power's fuel-cell customers can receive a 30-percent tax credit up to \$1,000 per kilowatt starting January 2006. The discount can reduce the price of a \$16,000 piece of equipment to about \$11,000, making its cost comparable to competing, less energy-efficient generators, Conway says. Plug Power, a non-profit firm, achieved sales of \$5.3 million in 2004, Conway says.

EnTherm's 5,500-square-foot headquarters is located at 509 W. Fayette St. in Syracuse. With 62 full and part-time employees, the firm has generated \$4.1 million in revenue so far in its fiscal 2005 year, which runs from Nov. 1 to Oct. 31, Kornbluth says. □

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