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Time for state to plug in to green energy

Michigan can be a renewables leader

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Like it or not, the world's skyrocketing demand for energy -- and the related volatility of energy prices -- is turning our world topsy-turvy.

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Michigan is particularly unsettled with its historical economic dependence on production of automobiles highly influenced by the gyrations in the price of fossil fuels.

Indeed, we saw stark evidence last week of a rapid swing in consumer preference from big trucks and SUVs to more fuel-efficient cars, triggering big drops of 12% to 24% in the April sales of the Detroit Three automakers.

This wacky time in the world of energy, however, brings great opportunities as well as obvious dangers for Michigan.

"We're at an inflection point right now," venture capitalist John Denniston told me Thursday, for the viability of a potentially huge new industry built around renewable alternative-energy technologies.

A new industry where Michigan, he added, is well positioned to play a significant role.

Now the question -- and it's staring Lansing's legislators right in the face right now -- is how and when Michigan will respond.

Denniston is a partner in the Silicon Valley venture-capital giant Kleiner Perkins Caufield & Byers of Menlo Park, Calif., which on Thursday unveiled two new funds totaling \$1.2 billion for investing heavily in

companies involved in green technology.

"We believe green technologies are both the key to solving our energy crisis and a tremendous business opportunity," said Kleiner partner John Doerr.

Denniston, a University of Michigan graduate, met with Gov. Jennifer Granholm in November and said he came away impressed that Michigan has strong potential in this sector because of its legacy as an automotive center, along with innovative companies in solar power and biofuels.

If Michigan is to attract more of the kind of cutting-edge entrepreneurial investment that has flowed mostly to the west and east coasts in recent decades, however, our policymakers in Lansing must make a strong statement that we're ready to lead.

They have the chance right now.

Last month, the Michigan House of Representatives passed a package of energy bills that would set a target that 10% of the state's power come from renewable sources by 2015, revise the state's electric power regulations and set the stage for construction of power plants by DTE Energy and CMS Energy, the state's largest electricity utilities.

The state Senate is now reviewing those bills and Sen. Bruce Patterson, R-Canton, the forceful chairman of the Energy Policy and Public Utilities Committee, is sure to do some tweaking. He grouched last week that the House bills have no clear definition of "renewable."

Patterson said passage of the bills is no slam-dunk. Legislators will need some courage to vote for an energy future that will inevitably mean rising costs in some areas. But my sense is that the Senate and House will complete new energy legislation before the summer recess, and that Granholm will sign it.

That would be good. We've not exactly been leading the pack on energy policy nationwide.

Granholm told me early last week, before her surgery, that Ohio recently became the 26th state to adopt a standard for using renewable energy sources such as wind, solar and other options. It's time for Michigan to move.

Are these bills perfect? Hardly, but the right energy policy is a moving target in these wild times.

Electric power companies, for example, have virtually no clue about how consumers will behave if plug-in cars like the Chevrolet Volt, planned for 2010, really catch on. Would people plug in to recharge mostly at night, spreading out electricity demand more evenly? Or plug in during the daytime, driving up the need for more peak-time capacity?

What we need now is a sober, flexible energy policy that would, in Granholm's words, "give us a foot in the door" to attract more of the smart entrepreneurs who see profit potential in creating companies and jobs based on new, clean-energy technologies.

"We can come back for another bite at the apple" on policy, she said, as the energy scene changes.

Which it certainly will.

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