



*Top Ten States for CO<sub>2</sub> Emission Reductions:*

- |                   |               |
|-------------------|---------------|
| 1. Texas          | 6. Kentucky   |
| 2. Ohio           | 7. Michigan   |
| 3. Illinois       | 8. California |
| <b>4. Indiana</b> | 9. Georgia    |
| 5. Pennsylvania   | 10. Alabama   |

## Indiana’s Carbon Dioxide Pollution could be Dramatically Reduced with Industrial Energy Efficiency and Combined Heat and Power

### Indiana Savings

The industrial sector—including manufacturing, mining, construction and agriculture—consumes almost one-half of electricity generated in Indiana, the state’s single largest energy use (Figure 1). This energy consumption coupled with growing demand creates significant savings and emission reduction opportunities.

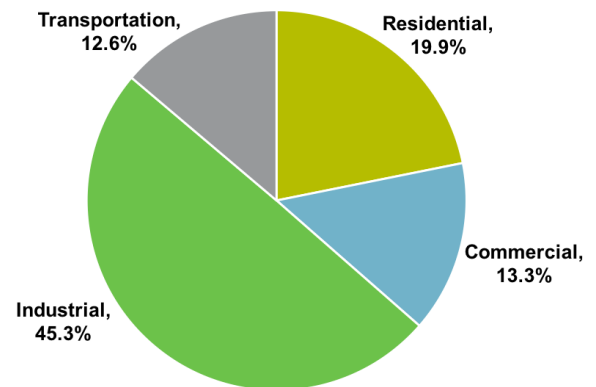
By increasing industrial energy efficiency (IEE), including combined heat and power (CHP) and waste heat to power (WHP), Indiana can:

- **Reduce annual carbon dioxide (CO<sub>2</sub>) emissions by 9.2-million tons** in 2030;
- **Achieve about 27 percent of Indiana’s emission reductions** called for under the U.S. Environmental Protection Agency’s (EPA) Clean Power Plan (CPP);
- **Save 12.9-million megawatt-hours** of electricity in 2030;
- **Make industrial companies more competitive** by cutting their energy bills; and
- **Save businesses customers 8.8 billion** in cumulative cost savings (2016-2030) from avoided electricity purchases.

An [Alliance for Industrial Efficiency](#) analysis (using the American Council for an Energy-Efficient Economy’s [SUPR 2](#)<sup>1</sup> calculator) estimates savings in a scenario where each state:

1. The industrial sector ramps up to an annual 1.5% energy savings target by 2030; and
2. The commercial and industrial sectors install a portion of the technical potential for new CHP and WHP.

*Figure 1. Share of total energy consumed by end-use sector in Indiana, (2014)<sup>2</sup>*



*Table 1. Savings in Indiana from IEE, CHP, and WHP*

	Annual CO <sub>2</sub> savings (short tons)	Annual energy savings (MWh)	Cumulative utility bill savings through 2030 (million 2011\$)
IEE	8,708,632	11,032,560	\$7,534
CHP/WHP	456,000	1,820,000	\$1,240
<b>Total</b>	<b>9,164,632</b>	<b>12,852,560</b>	<b>\$8,775</b>

*Indiana ranks 4<sup>th</sup> in the U.S. for potential CO<sub>2</sub> reductions from IEE and CHP/WHP. An annual reduction of 9.2 million short tons of annual CO<sub>2</sub> emissions is equivalent to emissions from more than 2 coal-fired power plants or 877,932 homes’ energy use for one year.*



<sup>1</sup> ACEEE, Jan. 19, 2016, “State and Utility Pollution Reduction Calculator Version 2 (SUPR 2)” (<http://aceee.org/research-report/e1601>).

<sup>2</sup> U.S. Energy Information Administration, “Indiana Profile Overview” (<http://www.eia.gov/state/?sid=IN#tabs-2>).



**Top Ten States for CO<sub>2</sub> Emission Reductions:**

- |                   |               |
|-------------------|---------------|
| 1. Texas          | 6. Kentucky   |
| 2. Ohio           | 7. Michigan   |
| 3. Illinois       | 8. California |
| <b>4. Indiana</b> | 9. Georgia    |
| 5. Pennsylvania   | 10. Alabama   |

## Clean Power Plan

The Clean Power Plan (CPP) establishes customized targets for states to reduce the carbon pollution produced from power plants that reflect each state’s energy mix. In February 2016, the Supreme Court stayed implementation of the CPP pending judicial review. Despite the stay, some states are choosing to continue to work to cut CO<sub>2</sub> emissions from power plants and explore pathways to compliance. Although Indiana has suspended CPP planning, states will likely need to identify CO<sub>2</sub> emission reduction strategies in the near future.

The CPP requires Indiana to reduce its annual CO<sub>2</sub> emissions by about 34.4 million short tons by 2030. Our analysis shows that industrial energy efficiency and CHP/WHP would result in an annual reduction of 9,164,632 short tons of CO<sub>2</sub> by 2030 – or approximately 27 percent of needed reductions across the state (Figure 2). Thus, IEE and CHP/WHP can play a central role in helping Indiana achieve its compliance targets.<sup>2</sup>

## Market Value of Savings

Under the CPP final rule, industrial hosts can generate revenue by selling credits (emission reduction credits or allowances). As Table 2 shows, the size of the allowance market is huge. Note that the table shows the market value of savings in a single year; investments would generate a value stream that lasts for many years.

Figure 2. Indiana CPP target achievable through industrial energy efficiency and CHP/WHP

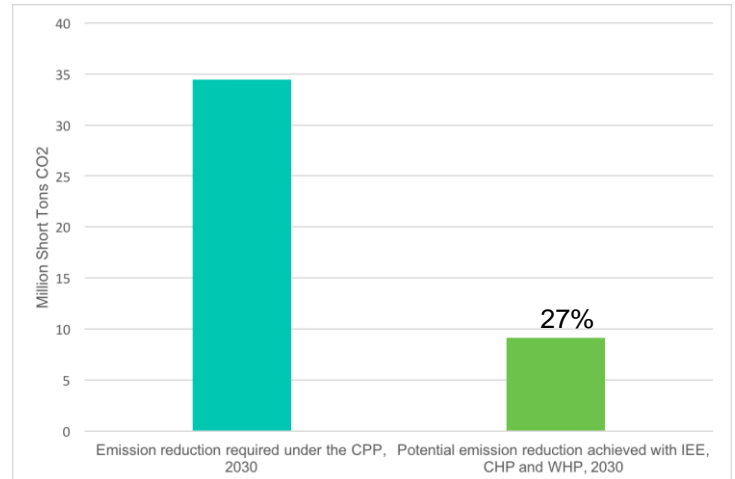


Table 2. Estimated allowance market value if IEE and CHP/WHP savings are realized (2030)

Price per unit of trading	Size of Allowance Market (\$ million)
\$10	\$102.82
\$20	\$205.64

Note: We apply the price per trading unit to combined annual energy savings in 2030. 1 MWh = 0.8 short tons of CO<sub>2</sub>.

To view the complete “State Ranking of Potential Carbon Dioxide Emission Reductions through Industrial Energy Efficiency” report, visit:  
<http://alliance4industrialefficiency.org/resources/state-industrial-efficiency-ranking/>

<sup>2</sup> There is a wide range of IEE activities available to manufacturers. For examples, visit the Alliance for Industrial Efficiency’s industrial energy-efficiency program case study series at <http://alliance4industrialefficiency.org/resources/casestudies/>.