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Vision Shared Annual Meeting

The Next Stage for West Virginia: Targeting Industrial Innovation

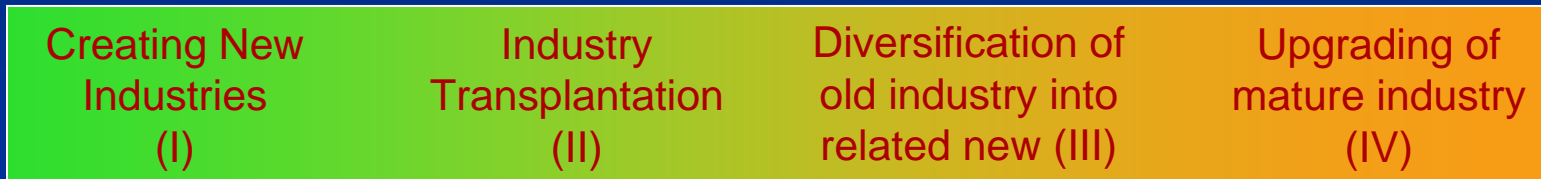
Prof. Richard K. Lester
Industrial Performance Center
Massachusetts Institute of Technology

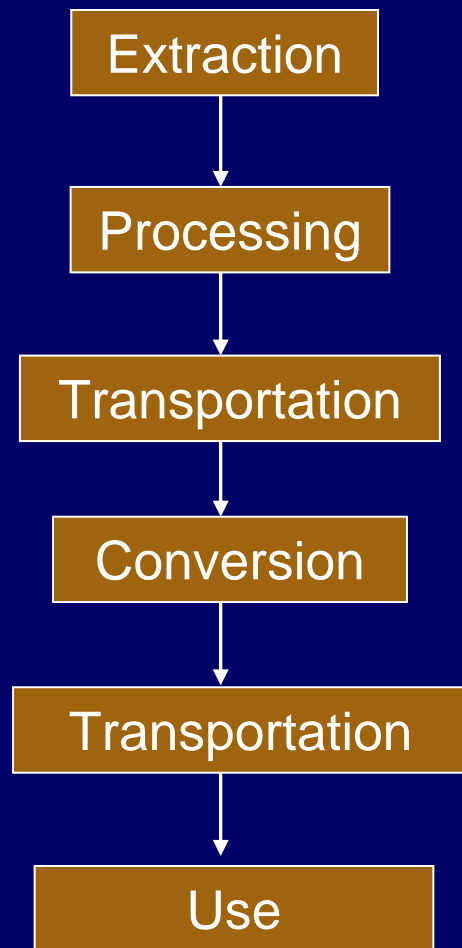
Clay Center
Charleston, WV
12 January 2004

Four pathways of local/regional innovation-led growth

- I. Indigenous creation of new industry
 - Silicon Valley: Personal computers
- II. Importation/transplantation of new industry into region
 - I-85 corridor (NC/SC): Automotive industry
 - Taipei-Hsinchu corridor (Taiwan): Electronics industry
- III. Transformation/diversification of old industry into a technologically-related new industry
 - Akron, OH: Tires → Advanced polymers
 - Rochester, NY: Cameras, copiers → Opto-electronics
- IV. Upgrading of mature, existing industry (product & process improvements, service enhancements, technology infusions)
 - Tampere, Finland: Industrial machinery
 - Boston, MA: Financial services

Applying the model: Two important industries for West Virginia





Possibilities for adding value in West Virginia

1. Adding downstream functions

- conversion of coal to electricity
 - 60% of WV coal is exported to other states for power generation
 - advanced coal combustion technologies (e.g., gasification/combined cycle)
- attracting energy-intensive users

2. Bundling services with energy supplies

3. Anticipating regulatory mandates to internalize environmental costs

- carbon emissions (sequestration, afforestation, efficiency gains in power generation, etc.)