

The Future of Southern Energy: *Making Choices for Your Community*

Southern Growth Policies Board



What has been described as a “green revolution” has swept into Fayetteville, Arkansas, spurred on, in great measure, by neighboring Wal-Mart’s corporate mission to increase fuel efficiency and reduce energy use, greenhouse gases, and solid waste. BioBased Technologies, a manufacturer of soybean

oil-based products such as spray insulating foams, is just one of several green businesses that have been attracted to Fayetteville in recent years. Although Wal-Mart has played the role of catalyst, the economic opportunities that have come to Fayetteville have not happened by accident. “We are driving a stake in the ground to become the center of the sustainability movement,” said the mayor of Fayetteville in a recent article in the Washington Post. To that end, a non-profit organization, the Green Valley Network, has been formed to advance the area as a hub for green technologies.

Rock Port, Missouri was recently profiled on National Public Radio’s All Things Considered program as the first community in the nation to be powered completely by wind. On all but the stillest of days, four wind turbines provide more than enough electricity to serve the town’s 1,300 residents and extra for export. “Residents hope their status as the nation’s first wind-powered city will help them stop exporting another valuable commodity: its people,” the show reported.

When we think about energy, we often think about the negatives — high gas prices, environmental challenges and national security issues. However, as illustrated in the examples above, there is another side to the story. “...green is not about cutting back. It’s about creating a new cornucopia of abundance for the next generation by inventing a whole new industry,” emphasizes best-selling author Thomas Friedman.

The American Solar Energy Society reports that renewable energy and energy efficiency technologies are already driving significant economic growth in the nation, generating 8.5 million new jobs and nearly \$970 billion in revenue in 2006 alone. This sector is also gaining the attention of the venture capital industry. Recent reports state that venture capitalists in the U.S. invested \$2.7 billion in the “clean energy” sector in 2007, representing more than nine percent of total venture capital activity. This is up from just 0.6% of investments in 2000. Worldwide, the market for energy translates into a business worth a trillion dollars a year, or a tenth of the world’s economic output, according to a 2008 article in *The Economist*.

What can communities do to capitalize on the economic opportunities associated with energy? Southern Growth has designed this discussion booklet to stimulate conversation about the best way to approach this issue in your community.

Approach 1

Build a Green Economy

We need to look for the silver lining in the latest gloom about energy costs. There is money to be made in developing a new green economy. We need to take steps to encourage this new green business development in our community.

What Can Be Done?

- Create a state or local fund to invest in green start-up companies.
- Reduce regulations that hamper new energy-related business development
- Recruit green businesses to our area

In Support

- Small businesses create the majority of new jobs in our country
- Energy entrepreneurship can help rural communities by creating new markets for agricultural and forestry products
- The new green economy represents a tremendous opportunity to increase high paying jobs—and communities not participating will be left behind

In Opposition

- Entrepreneurship is too risky. Many new companies fail
- Small business won't be able to change the energy landscape as quickly as we need
- Why should we support new companies when our existing companies need all the help they can get?

Approach 2

Encourage Local Energy Savings

High energy costs are a budget buster for businesses, government and individuals alike. We need to change how we use energy in order to help all of our pocketbooks.

What Can Be Done?

- Rewrite building and planning codes to promote energy savings
- Conduct public awareness campaigns to encourage energy-saving investments by citizens and businesses
- Use government as a model for energy saving practices, including improving energy efficiency in public buildings

In Support

- Cutting energy use and costs will make businesses more profitable and competitive
- Government is often one of the biggest consumers of energy, so savings in this area will have a big impact on the community
- Changing energy use will strengthen demand for new alternative energy products and businesses

In Opposition

- Efficiency efforts can be costly and it can take a long time for the investment to pay off
- Conservation regulations can raise the cost of doing business
- Although energy costs are high now, they may drop in the future as they have in the past. Why should we make investments now when we can just wait?

Approach 3

Capitalize on Existing Energy Businesses

Some existing energy providers are already using alternative energy sources. By focusing our efforts on working with existing providers, we can make change happen more quickly and on a larger scale.

What Can Be Done?

- ▣ Provide incentives to existing energy providers to improve the efficiency of energy production and distribution methods
- Implement policies that increase the use of renewable energy sources by existing energy providers
- Help facilitate research partnerships between industry and area universities

In Support

- Big organizations can more quickly make big changes happen
- Existing energy providers need to be rewarded for alternative energy or conservation efforts
- Renewable energy sources become economically viable when offered on the large scale made possible by existing energy providers

In Opposition

- Many say that existing energy providers are part of the problem and will fight against change
- Providing state-of-the-art infrastructure—and keeping it up-to-date—is just too expensive
- Government shouldn't tell businesses how to operate

About Southern Growth Policies Board:

Formed by the region's governors in 1971, Southern Growth Policies Board is a non-partisan public policy think tank based in Research Triangle Park, North Carolina. Southern Growth's research focus encompasses the major drivers for economic development in the South—innovation and technology, globalization, the changing nature of the workforce and the vital role of the community. Southern Growth provides its members, and the region, with authoritative research, discussion forums and pilot projects that define the critical issues shaping the South. Southern Growth develops new regional strategies for economic development and identifies best practices to facilitate action. To learn more about Southern Growth Policies Board, visit www.southern.org.

For Further Reading:

Recognizing both the challenges and the opportunities of the increasing demand for energy, the **Southeast Agriculture & Forest Energy Resources Alliance (SAFER)** (www.saferalliance.net) was formed to provide strategic leadership in advancing renewable energy initiatives in the South.

Other organizations that have resource materials on energy-related issues include:

- **The Apollo Alliance** (www.apolloalliance.org), a coalition of business, labor, environmental and community leaders that is working to make America a global leader in clean energy products and services and create well-paid, green collar jobs.
- **Greenbiz.com** (www.greenbiz.com), which describes itself as “the leading online news and information resource on how to align environmental responsibility with business success.”
- **25x'25** (www.25x25.org), a coalition whose goal is for the nation to get 25 percent of its energy from renewable resources by the year 2025.
- **USDA Rural Development—Energy Initiatives** (www.rurdev.usda.gov/rd/energy/), whose programs focus on using agriculture as a part of the energy solution.
- **Southern States Energy Board** (www.sseb.org) a non-profit, interstate compact whose mission is to enhance economic development and the quality of life in the South through innovations in energy and environmental policies, programs and technologies.

Featured publications include:

Hot, Flat and Crowded: Why We Need a Green Revolution—and How It Can Renew America (2008), a book by best-selling author Thomas Friedman that looks at the “green revolution” as the best strategy for renewing America. An article in which Thomas Friedman talks about the book's key themes is available at www.iht.com/articles/2007/04/15/opinion/web-0415edgreen-full.php?page=1.

A special report from *The Economist* on the future of energy is available online at www.economist.com/specialreports/displayStory.cfm?story_id=11565685.