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NEW ANALYSIS: DESPITE POTENTIAL, UTAH TRAILS MOST ROCKY MOUNTAIN STATES IN DEVELOPING GREEN ECONOMY

Study Shows Utah Faces Challenges to Attract Jobs and Investment; Five Key Steps to Future Growth

A new report by Headwaters Economics shows that Utah is underperforming when it comes to clean energy production and energy efficiency, compared to neighboring states with similar resources. Without stronger leadership, policies, and incentives to grow its green economy, Utah will continue to miss opportunities to create thousands of new jobs, earn the state hundreds of millions in annual revenue, and attract private and public investment.

"When considering the state's plentiful solar and geothermal resources, large population, and technology centers, Utah should be a regional leader in growing its green economy," said Julia Haggerty Ph.D., the report's author. "Unfortunately, Utah is lagging behind similar states because of its failure to create certainly for the clean energy sector—as with a weak renewable portfolio standard and the absence of clean technology incentives."

Haggerty singled out Utah's weak renewable energy portfolio standard and the heavy focus of its incentives for energy on fossil-fuels as two big examples of why the state is losing out to states like Colorado and New Mexico.

The Headwaters Economics study compares how Utah, Colorado, Montana, New Mexico, and Wyoming—five states with vast traditional and clean energy resources—are taking advantage of clean energy opportunities and concludes with five keys to success for the states to further benefit from the emerging green economy while measuring the likelihood that each state's policies will promote future growth and investment.

The full study, digest, state fact sheets, and state-by-state comparisons can be found at www.headwaterseconomics.org/greeneconomy.

Green Economy Jobs and Businesses

Using a conservative measurement of green jobs, the report—*Clean Energy Leadership in the Rockies: Competitive Positioning in the Emerging Green Economy*—found that employment in the green economy has grown significantly faster than total employment across the region, but not in Utah where the number of overall jobs in 2007 was 25 percent greater than in 1995, while green jobs were 12 percent more numerous. By comparison, looking at the five-state region, from 1995 to 2007 total job growth was 19 percent, while job growth in the core green economy was 30 percent. Nationwide, overall jobs grew by 10 percent, compared to green job growth of 18 percent from 1995 to 2007.

Looking at business establishments, in 2007 the five states supported 3,567 green enterprises with 50 percent based in Colorado, 16 percent in Utah and in New Mexico, 11 percent in Montana, and 6 percent in Wyoming.

"All of the states have opportunities to benefit from the green economy, but it does not happen by accident," said Haggerty. "Utah must make a concerted effort to make itself more attractive for both private and public investment while improving its energy efficiency policies and investing in worker training and research facilities."

Investment Dollars

The *Clean Energy* report also measures private and public investment for the five states. In 2008, the study region attracted more than $500 million dollars in clean energy-oriented venture capital, a ten-fold increase compared to 2000 levels. Utah attracted $26 million in venture capital for the clean technology sector during this time. Colorado and New Mexico, by comparison, collected close to $800 million and $239 million respectively in the same time period.

When looking at public funding from competitively-awarded federal stimulus competitive grants by the Department of Energy, Utah ranks in the middle (30th of states and territories). For the other states, Colorado ranked 15th, New Mexico fell toward the middle of the pack, ranked 37th, while Wyoming and Montana ranked 49th and 52nd respectively.

Energy Production

Renewable energy production is growing in all five states. Recent data from the wind industry, for example, shows that installed wind capacity among the five states increased by 3,000 megawatts since 1999, with more than two-thirds of that increase occurring in the past three years, 2006–2009.

Regionally, there is every reason to expect continued rapid regional expansion. Among the five states, Utah stands out for its solar and geothermal potential, Wyoming and Montana for their wind and geothermal, and Colorado and New Mexico for strength in all three. But while Utah's renewable energy production increased by 27 percent from 1990-2007, it ranked far behind New Mexico, Colorado, and Wyoming which had increases of at least 80 percent, and more than 200 percent in the case of New Mexico.

Energy Efficiency

On a more cautionary note, the study found an uneven record for how the five states are pursuing energy efficiency—a necessary, cost-effective part of any long-term economic strategy. Each state has a mixed record in terms of policy commitments to reducing energy consumption. None of the states, for example, spend money from their own budgets (e.g. other than federal) on state transit, nor do they mandate coordinated land use and transportation planning. Utah does have several bright spots. The state has received high marks for utility-focused efficiency policies and for state building codes, and Salt Lake City has a nationally-recognized energy efficiency program. However, the state needs to show real commitment to renewable energy and energy efficiency if it wants to attract clean energy businesses and their investments.

Five Key Steps to Future Growth

States can do a great deal to benefit their future position, and the *Clean Energy* report concludes with five keys to success needed for the region and Utah to foster continued growth:

1) Strategic Pairing of Incentives with Clear Policy Goals. Progress depends on a smart mix of appropriate incentives and policies, such as Renewable Portfolio Standards with meaningful targets and compliance strategies. The renewable industry will thrive in states that provide the best incentives alongside the best access to established markets. While Colorado has the second-most ambitious Renewable Portfolio Standard (RPS) requirement in the country, Utah has a goal only with no enforcement which creates uncertainty for clean energy producers looking for a stable, reliable market. In the absence of an enforcement mechanism, it is questionable how well the policy will succeed.

2) Encourage and Capture Large-Scale Investment. To attract growing private investment and billions of federal dollars, states must have a mix of policies, incentives, and proven development expertise. Utah has slightly underperformed in attracting venture capital; ranking 29^{h} of all states during 2006-2008 for attracting private clean technology funding while Colorado and New Mexico rank 5th and 12th respectively. The me is true for public funding from competitively-awarded federal stimulus competitive grants by the Department of Energy where Utah ranks 30th.

3) Cultivate a Well-Resourced Business Environment. Companies on the cutting edge of technological development benefit from skilled workers and access to world class research institutions. Utah, with its large urban population and skilled workforce, is positioned to be a leader if the state improves its clean energy policies and incentives.

4) Leadership. Developers and manufacturers of clean energy and energy efficiency technologies operate in a highly competitive global environment, and they need to see consistent leadership in order to commit to a state. The governors of three states—Colorado, Montana, and New Mexico—all have made significant clean energy outreach efforts. In Utah, since the departure of Governor Huntsman, the state's commitment to passing policies favorable to green economic growth has languished.

5) Overcome Limited Infrastructure Capacity. To fully cultivate their renewable energy resources, the five states must overcome an inadequate infrastructure; which includes an outdated, overstressed electrical grid as well as federal, state, and local governments that currently lack the capacity and the necessary plans to respond to permits for new construction (for new facilities and transmission lines).

About Headwaters Economics

Headwaters Economics is an independent, nonprofit research group that assists the public and elected officials in making informed choices about energy development; www.headwaterseconomics.org.

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