

Arizona takes top energy spot

by **Betty Beard** - Aug. 4, 2010 12:00 AM
The Arizona Republic

Arizona has been labeled the nation's "Solar Energy King" by a leading business magazine, even though the state just has a handful of solar manufacturers and generating plants so far.

Business Facilities magazine, a 40-year-old publication that caters to business-relocation specialists and economic developers, said Arizona "easily took the top ranking" as first in the nation for being a leader in the alternative-energy and solar-manufacturing industries.

The state also ranked sixth for its economic-growth potential. Tucson placed among the top-10 metro areas in three categories, including first place for being a metro leader in the alternative-energy industry. Phoenix placed seventh for its aerospace and defense manufacturing, and Surprise ranked 10th for metro areas with the most growth potential.

Editor Jack Rogers said the state alternative-energy rankings are new this year. The magazine wanted to begin recognizing states and metro areas with a lot of potential - even if they don't have a lot going on now.

"We tried to specialize in being ahead of the curve and giving accurate information as to who the emerging leaders are," he said.

Speaking of Arizona, he said: "We are particularly impressed with the interaction with **higher education** and research and

development. And, of course, Arizona has a natural advantage (sunny deserts) in the solar-energy field. But we feel the state has really maximized that natural advantage and really established itself as the global competitor in solar energy."

The magazine noted that Tucson has some of the largest photovoltaic manufacturers, including Schletter Inc., Global Solar Energy Inc. and Solon Corp.

Michael Neary, executive director of the Arizona Solar Energy Industries Association, a trade group, said he wasn't surprised because the state's solar industry has worked toward boosting its presence for more than a decade and has enjoyed some recent successes.

Abengoa Solar Inc., for example, plans to build the Solana Generating Station near Gila Bend to create enough power to serve 70,000 homes. Legislators in late 2009 passed a tax-incentive law (Senate Bill 1403) that helped lure the Chinese solar-panel manufacturer Suntech Power Holdings Co.

So many homeowners snatched up **incentives** for pricey rooftop solar-

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electricity-generating systems that Arizona Public Service Co. had to cut the program short.

However, Neary said he was surprised Arizona was recognized as a leading solar-manufacturing state because it has a relatively small number of those companies. Also, some solar makers the state tried to attract either put their plans on hold or chose other states.

"We just need a little more of an **incentive** structure to get more manufacturers, a couple of more tools in the bag," he said.

One big tool he would like to see is a more steady offering of incentives to stimulate more sales of energy systems.

He cited APS, which had such a demand for incentives for solar panels that it had to reduce the incentives in April because it was running out of money. The incentives provided about \$18,000, or about half of the cost.

Neary said that showed a healthy market exists for solar.

"It's obviously something that the consumer is taking advantage of," he said. "But it's not good for the solar industry to have incentives that stop and start. It makes it difficult to run a business when you have a market that constantly gets interrupted."

Barry Broome, president and CEO of the Greater Phoenix Economic Council, said the recognition was good news and said the announcements about solar-energy companies coming to the state are just getting started.

He credited tax incentives passed by the

Legislature in 2009 and standards set by the Arizona Corporation Commission to increase solar-electricity generation.

Broome likened the recognition to winning the collegiate football Heisman Trophy.

"We built this solar and renewable-energy category," he said. "We think we can build 100,000 jobs in this cluster, if not more. But in the next five years, we need to put at least 250,000 to 300,000 more jobs back in the market."

Broome predicted that between the Solana station and the Stirling Energy Systems SunCatcher system in Peoria, Arizona will be ranked behind California in producing the most solar-electrical energy in 18 months.

But there is growing competition. *Business Facilities* noted that other states are stepping up alternative-energy efforts. New Mexico, described as "an up-and-coming contender," announced four green-energy projects in January and February that would bring almost 1,000 new jobs. Tennessee has cornered the market for polysilicon, a raw material used for solar panels and semiconductors.

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Broome said one solar-panel manufacturer that was looking at Arizona went to Oregon because it was offered a \$25 million loan and \$18 million in tax credits.

Arizona also ranked sixth for its economic-development potential. Rogers said that is because of its alternative-energy developments, its aerospace and defense presence and its emerging biotechnology sector.

"Anybody who gets into the top 10 of that ranking (Arizona placed sixth), that is a leadership position. And, obviously, Arizona's position as a leading alternative-energy state propelled them into the top 10. . . . It's a tremendous accomplishment for Arizona to be in the top 10," he said.

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