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With Clean Energy

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By Delaney Luna

Companies take many factors into account when deciding where to locate: quality of life, land availability, environmental regulations, broadband access, and more. In recent years, energy availability and energy costs have risen to the top 10 in site selection criteria, according to ongoing **survey data** from Area Development. This reflects the growing demand for affordable and renewable energy, and the likelihood that its availability will be a deciding factor as companies select where to locate and who to partner with.

Businesses are increasingly committing to environmental, social, and governance (ESG) goals and net-zero targets. Half of the world's **2,000 largest companies** have set net-zero goals, and the number of these targets globally has increased 40% since 2022. Digital and high-tech companies are particularly likely to have carbon neutrality goals and commitments to clean energy usage, as demonstrated by industry leaders such as Apple, Google, Amazon, and Microsoft. With this growing demand comes growing production; according to McKinsey's 2023 Global Energy Perspective, renewable energy will make up 45%–50% of global power production by 2030 and up to 85% by 2050, with solar and wind leading in contributions.

Corporate customers are significant drivers of this change. The Clean Energy Buyers Association **tracked 55 transactions** from corporate energy customers in 2023 that totaled 12.9 GW of utility-scale clean energy in the U.S., a massive new supply that is equivalent to the total previous wind and solar capacity of all U.S. states except California and Texas.

EDOs looking to attract high-quality businesses and jobs to their regions will need to consider strategies to promote the availability and affordability of clean energy. Strategies that combine cross-sector approaches and view sustainability through a holistic framework that prioritizes inclusive and



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EDOs can work with their local and regional utility companies to increase low-cost clean energy production and distribution. Many utilities are already looking at long-term solutions to energy availability and are preparing for the imminent majority demand shift toward renewable energy. Utilities have access to essential data around energy use, cost, production capacity, prospective producers, and real-time demand that EDOs can in turn communicate to prospective businesses and build into economic development strategic plans.

For example, a utility company may be the primary partner in negotiating a power purchase agreement (PPA) with a utility-scale solar provider looking to build in the area, while the EDO may be assisting with site selection for a manufacturing company with high energy needs and a goal to use at least 50% renewable power. Together, the EDO and the utility can leverage both opportunities to strengthen the attractiveness of their region to all parties: the solar provider is ensured customers, and the business is ensured access to renewable energy. If the proposed solar project is large enough and the business' energy needs are great enough, a corporate PPA can be negotiated directly between the business and the provider, as has been done in recent years with Google and Amazon. Google **reports** that the U.S. market for corporate PPAs has seen a 60% year-over-year increase, and the company has signed 19 agreements including PPAs globally for nearly 2.6 GW of power. Amazon **announced** 74 PPAs in 2023 for 8.8 GW of power in 16 markets across the globe.

These trends represent significant opportunities for EDOs and utilities to attract clean energy suppliers and corporate customers. By partnering, they can share essential information about energy availability and prospective business development in order to position their communities for strategic growth.

EDOs can also work with utilities to grow and modernize the energy grid. Historically, utilities have tended to expand infrastructure in response to more



demand. **As the Rocky Mountain Institute describes**, the need for grid enhancements to support electric vehicles alone, which are projected to require as much energy by 2050 as total American residential power consumption in 2018, highlights the extreme importance of early action. EDOs can act as key partners in moving these projects forward by helping to navigate and engage the many different stakeholders who make up the full electric grid network, such as federal and state government officials, manufacturers, and resource providers.

Connect businesses to federal incentives

To support the production and use of clean energy in their communities, EDOs can help businesses navigate the many incentives provided by recent federal investments such as the **Inflation Reduction Act** and the **Greenhouse Gas Reduction Fund**. These tax credits and investment opportunities are key in incentivizing the types of businesses and service providers that will increase the availability of low-cost, clean energy. Several incentives related to clean energy production are outlined below.

- **Production Tax Credit for electricity from renewables:** Credits per kilowatt of clean energy produced from sources such as solar, wind, and hydropower
- **Clean Electricity Production Tax Credit:** A technology-neutral credit beginning in 2025 that will apply to the production of clean electricity
- **Investment Tax Credit for Energy Property:** A 6%–30% credit for investment in clean energy projects
- **Clean Electricity Investment Tax Credit:** A technology-neutral credit for investment in clean energy-producing facilities and storage
- **Low-Income Communities Bonus Credit:** An additional credit for investment in clean energy production facilities in qualifying areas



clean energy financing institutions to fund clean energy projects RESOURCES & RESEARCH

- **Solar for All:** \$7 billion for expanding solar energy projects in underserved communities

Economic developers have an important role to play in preparing their communities for the clean energy transition. EDOs can leverage strategic partnerships and take advantage of unprecedented federal investments in the sector to attract businesses that are increasingly looking to locate and invest in areas with accessible and affordable clean energy.

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1275 K Street, Suite 300
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