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Can N.C. thrive in new energy economy?

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If rising energy costs, dependence on foreign oil and global warming give you the jitters, be glad you're in North Carolina.

Access to reliable energy is what keeps our technological society pulsating, and the Tar Heel state has quietly amassed more than 100 companies focused on energy research, development or manufacturing in such diverse areas as solar power, fuel cells and biodiesel, a fuel made from vegetable oils.

Largely driven by private industry, this emerging energy economy has escaped widespread notice but is gaining traction with the creation of new state government programs designed to boost energy research and production.

"It's a little bit unsung, but there is significant opportunity," said David Kirkpatrick, managing director of SJF Ventures, a Durham investment fund for green energy. "North Carolina is basically a net importer of all its energy right now. But North Carolina has a unique advantage in the Southeast, at least -- we have a chance for leadership."

For leaders, the challenge will be growing the state's economy while confronting higher energy prices, developing alternative energy sources and limiting environmental consequences of growing demand for energy. That challenge was the focus of last week's Emerging Issues Forum in Raleigh, where state and national leaders began plotting a strategy to exploit the new energy economy and keep North Carolina competitive with other states and global powerhouses, such as China.

Some participants said the forum didn't pose a new question as much as it confirmed North Carolina's emerging stature as the region's leading energy innovator, well-positioned to thrive in the changing energy environment.

From an energy perspective, North Carolina has not been considered a leading research hub. That honor goes to Texas, California and Massachusetts. But we're catching up quickly, now that the state has passed a law mandating that up to 12.5 percent of electricity come from renewable resources and energy efficiency by 2021. The N.C. renewables law, the Southeast's first, is expected to spur growth of emerging technologies to help the state meet its alternative energy goals.

North Carolina has long been a source for cheap electricity. But that, too, is destined to change as Progress Energy and Duke Energy tap into costlier alternatives and build multibillion-dollar power plants to meet growing demand.

Federal momentum

Energy costs also are rising nationwide as governments and private industry invest in efficiency and alternatives.

For example, Congress is raising fuel efficiency standards for cars, which automakers warn will drive up production costs. Congress is also phasing out the household incandescent light bulb in

favor of its more expensive relative, the compact fluorescent. Meanwhile, air conditioning efficiency standards have steadily increased, and public officials are now looking to tighten housing codes to further increase energy efficiency.

Stephen Kalland, director of the N.C. Solar Center, predicts the coming decade will bring challenges and opportunities not seen since the Industrial Revolution. Unless North Carolina squanders the opportunity, it should be a natural progression for a state already recognized as a national hub for technology development and biopharmaceutical research, Kalland said.

"There's a lot of states vying for this because a lot of people are looking at this as the next tech boom area," Kalland said. "We could become a national hub if indeed we reached for that."

Last year, North Carolina became the first state in the Southeast to adopt an alternative energy standard for electric utilities. Also last year, the General Assembly created the N.C. Green Business Fund to invest in clean-energy companies to spur biofuels, green buildings and other efforts. The N.C. Biofuels Center in Oxford, also created last year, is developing energy crops to produce biodiesel and ethanol in the state. North Carolina already has more biodiesel stations than any other state.

And last week the state announced the formation of an electric auto research project led by N.C. State University, Progress Energy and Duke Energy.

"We have to push -- and indeed, force -- the use of alternative energies if we're going to protect our environment," said former Gov. James B. Hunt Jr., who created the Emerging Issues Forum. "I want to see us get off Middle East oil and Russian oil, and I'm willing to pay a price for it."

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