

Can clean energy drive job creation? San Antonio, Austin take different routes to find out

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San Antonio's CPS Energy stunned the solar industry last month by upping its request for solar power from 50 megawatts to 400 megawatts, enough to power 80,000 homes and put the Alamo City in the top tier of solar users around the globe.

The municipally owned utility also added a twist: The bids that are to be awarded later this month won't be judged on price alone. The type and number of jobs that the winners bring to San Antonio will be a crucial factor.

While Austin has long worked to create a market to attract clean energy companies, San Antonio's leadership is now using CPS Energy's purchasing power to demand jobs as a condition of doing business with the utility.

If it can become a clean energy hub, the city might be able to lure hundreds — if not thousands — of new jobs, San Antonio Mayor Julián Castro says.

"San Antonio can be for the new energy economy what Silicon Valley is to software and what Boston is to biotech," Castro said in June as he announced that five energy-related companies plan to relocate a couple of hundred jobs to San Antonio.

Whether hype or hope, San Antonio's muscle-flexing has lit a debate among Austin's clean tech advocates about whether Austin Energy is in danger of losing its leadership role in clean technology and whether the city-owned utility could do more to attract jobs.

When it comes to leveraging a utility into a job creator, "San Antonio is capturing the value of a community owning an electric utility," said Mike Sloan, a renewable energy consultant and founder of the advocacy group Solar Austin. "In Austin, we've talked about it, but we haven't really done it."

Jose Beceiro, director of economic development with the Greater Austin Chamber of Commerce, said he isn't worried. "I think San Antonio is going to grow aggressively, but I believe Austin will still be out front," he said. "Austin Energy has been a leader in stimulating the market" for clean energy.

Beceiro said San Antonio is getting a lot of attention by accepting bids to build complexes of solar panels that can generate 400 megawatts, which will be built in phases on multiple sites. However, he said, it would be interesting to see whether the city can really land a solar manufacturer given China's lower overhead for manufacturing solar panels.

Sloan, who represented one of the bidders, called San Antonio's approach "the real deal."

He said his client offered a kilowatt price 25 percent cheaper than the 16.5 cents that Austin Energy is believed to be paying for its 30-megawatt solar farm being built in Webberville, plus 500 jobs. He said only 100 of the jobs were assembly work and that the rest were chipmaking jobs for solar panels.

"And we didn't make the short list" of bidders, Sloan said.

Comparing customers

This summer's events underscore how Austin and San Antonio are using their utilities differently to attract jobs while they both pursue more sources of renewable energy.

By 2020, CPS Energy hopes to have 20 percent of its electricity (1,500 megawatts) generated by renewables, while Austin Energy's goal is 35 percent or 1,360 megawatts.

Size matters in CPS Energy's approach to luring jobs.

CPS Energy has 717,000 electricity customers, second only to Los Angeles. Austin Energy, by comparison, has 411,000 customers.

Accessing San Antonio's large customer base whets the appetites of companies.

In June, Castro announced five companies agreeing to relocate their headquarters or parts of their operations to San Antonio. They range from a solar developer to a truck assembly firm to a lighting company.

Jack Roberts is the CEO of Consert Inc. , a developer of software that allows homeowners to manage their energy conservation through their home computers. Customers save money, and utilities have to build fewer generators.

Roberts is moving his Raleigh, N.C.-based company to San Antonio with 50 jobs by the beginning of next year and said he expects to hire hundreds more as it expands.

He came without tax breaks or cash incentives.

"People want to know what the city, county and the state gave us. Zero," Roberts said. "It's all about a business opportunity and a fabulous chance to demonstrate what we can do."

Consert is in a half-dozen states, including pilot projects with the Pedernales and Bluebonnet electric co-ops in Central Texas.

San Antonio, however, is no pilot project.

"They can get several hundred thousand customers in one fell swoop," said Jaime Castillo, the mayor's aide.

Dallas and Houston, served by multiple private electricity companies, can't deliver that.

Austin could with its municipally owned utility, but it has taken a different approach.

Setting environment

"We are actively involved in the front end, focusing on creating the market, as opposed to waiting until companies are bidding on a contract and moving jobs here," said Karl Rábago, Austin Energy's vice president of distributed energy services. "You have a larger opportunity for success if you create a self-sustaining market."

Rábago points to Austin's long history of rebates, conservation grants, green building programs and promotion of solar panels on houses and buildings as efforts that added jobs. For example, he said, six years ago the city had four companies installing panels. Now it has 34.

Austin Energy also funds the Clean Energy Incubator at the University of Texas, helping startup companies.

"We're trying to create the market," Rábago said.

Mitch Jacobson with the incubator said, "We've created hundreds and hundreds of jobs."

Jacobson lists these clean technology companies that came through the incubator: Xtreme Power , ActaCell , Ideal Power Converters and Firefly Green Technologies .

"These are real live companies," he said.

San Antonio is trying to duplicate that effort.

Jacobson said the state is paying the UT-based incubator to work with the University of Texas at San Antonio to help spur clean energy startups.

Austin Energy is also involved in the Pecan Street Project, an Austin-based clean energy consortium with projects in the Mueller community. Pecan Street encourages companies to develop and refine clean energy technologies.

"It's a safe playground where we can try out the newest technologies before we impose them on our customers," Rábago said.

Over the past two years, Rábago said, Austin Energy has been able to attract \$37 million in federal money, which is used in various clean energy endeavors, including the Pecan Street Project.

The most recent example of Austin Energy's approach to creating a market is its plan for electric cars.

Ideally, Rábago said, competing technologies for recharging stations would be invited to participate in a large regional market — from Dallas to Austin to San Antonio to Houston, for example — with one caveat: Every driver's swipe card would work on any recharging station.

"We would want to take advantage of the fact it is a competitive market, rather than limit the competition by adding provisions in a contract," Rábago said. "We're not into picking technologies; we're into creating the environment."

Austin Energy, which has a few charging stations locally, is awaiting a \$500,000 federal planning grant to embark on the larger idea.

Recognizing risks

Robert King, president of Good Company Associates in Austin, is an expert in energy conservation and renewable energy.

He likened San Antonio's approach to creating jobs with its utility to its effort that won a Toyota assembly plant over its competitors, including Austin.

"It's a chamber of commerce approach," said King, adding that the cooperation and collaboration between the business community, public officials and CPS Energy is "astounding."

But he said he warned them of the risk.

Unlike auto manufacturing, the solar industry has no giants like Toyota, and there are competing technologies to convert sunshine to electricity.

"While they are discovering that their market share gives them some muscle to flex, they run the risk of winning a few companies but losing the larger race," King said.

Even if San Antonio recruited one company in every aspect of clean energy, he said, "they still might not generate the kind of industrial cluster that will stimulate long-term sustainable technology innovation and job creation."

King said he advised CPS officials to designate more than one winning bid if they have several good bids for different technologies.

"San Antonio needs to be careful to hedge its bets and try to develop a well-rounded clean tech sector with a deep bench," he said.

Tom "Smitty" Smith of Public Citizen, a longtime advocate of clean energy, said San Antonio has read Austin Energy's playbook and gone one better.

"It's a tale of two cities. We've long led in the race to have the most sustainable energy," Smith said. "Now we're going to fall behind our neighbor to the south, who has read all of our studies and said they've got a good idea."

Rábago said he welcomes San Antonio's efforts and doesn't feel threatened.

"I'm really excited that San Antonio is making these big moves," he said. "It's good to have company in this. Besides, if a manufacturing company goes into San Antonio, we'll enjoy the low freight (prices) on our product as well."

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Relocating to the Alamo City

These five companies are moving jobs to San Antonio

Consert Inc.: The Raleigh, N.C.-based firm, which creates energy management software, is moving its headquarters to San Antonio. It will have 50 employees initially but expects to expand rapidly as it installs its software in as many as 140,000 homes and businesses by 2015.

GreenStar: Moving from nearby Boerne, the lighting company brings 35 jobs. It's expected to expand to 50 jobs as it replaces 25,000 streetlights, beginning downtown, with light-emitting diode (LED) technology. The lighting's manufacturer, Philips Lumileds, will help establish a Center of Excellence in LEDs at the University of Texas at San Antonio. Texas Instruments will aid the university.

Cold Car USA: The company, which now assembles refrigerated trucks in Boerne, is transitioning its vehicles to electric and hybrid vehicles. It will relocate its headquarters and 35 jobs to San Antonio as it assists CPS Energy's research into electric charging stations.

Summit Power: The developer of a coal-fired clean energy facility near Odessa will sell power to San Antonio but also locate its customer relations office in the Alamo City. It also will partner in research on sustainable energy at the University of Texas at San Antonio.

SunEdison: The solar developer is under contract to build 30 megawatts of solar power for San Antonio. It will contribute \$600,000 for education and research on energy issues in San Antonio as well as opening a regional office for its expanding business interests in Texas.

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