Arkansas Marijuana Legalization: Are there Energy Implications?

Arkansas Environmental, Energy, and Water Law Blog

Walter Wright, Jr.
wwright@mwlaw.com
(501) 688.8839

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Arkansas voters passage of the Arkansas Medical Marijuana Amendment of 2016 ("Amendment") means the legal cultivation of marijuana in the state will likely commence in the near future.

The authorization of at least four but no more than eight cultivation facility licenses are authorized by the Amendment.

The legalization of certain uses/limited cultivation of marijuana has generated a discussion of a host of issues (employment law, healthcare, insurance, federal/state conflicts, OSHA, etc.). However, also a potentially less obvious issue may arise. A significant recent topic of discussion in states already allowing cultivation is the energy impact of cultivation .

Analyses of energy use in states cultivating marijuana, such as Colorado and California, have observed significant power consumption from these facilities. EQ Research notes in a September 2016 report:

This energy is used to power intense, 10,000 watt ("W") grow lights, cooling and ventilation systems, scrubbers, filters, extraction equipment and state-of-the-art security measures.

See A Chronic Problem: Taming Energy Costs and Impacts from Marijuana Cultivation ("EQ Report").

The publication Utility Dive (November 10, 2016) quotes Mr. Pete Rumsey, Executive Vice President of Business Development at Lighting Science, who states:

Cannabis is one of the most energy-intensive industries in the world. Statistics show that one percent of all electricity used in the United States today is used by indoor marijuana growers, to the tune of almost $6 billion annually.

The same publication notes that growing four mature marijuana plants consumes about as much power as running 29 refrigerators around the clock. It also cites the Northwest Power and Conservation Council as stating that regional demand from marijuana producers in Idaho, Montana, Oregon and Washington could reach almost 250 MW by 2035.

This increased consumption is further complicated by the difficulties utilities have encountered trying to fund energy efficiency measures. They may be hampered by the fact that the federal government classifies marijuana as a Schedule I restricted drug. Therefore, access to certain federal programs may be limited.

Another factor relevant to energy consumption at these facilities may be the limits placed on them. Various types of caps on the size and number of cultivation facilities and/or plants sometimes provide an incentive to grow bigger plants according to Utility Dive. Such plants are stated to use much more energy than smaller ones closer to the ground. This also can lead to greater energy consumption.

The near term footprint of Arkansas cultivation facilities is certainly going to be much smaller than states such as Colorado and California. Nevertheless, planning by Arkansas utilities and their regulators for such facilities from an energy standpoint seems prudent. The EQ Report notes:

Undoubtedly, marijuana cultivation will be a game changer for utilities and communities across the country. Yet electric rates can be designed to incentivize energy management in grows, utilities can provide better data on how energy is used, and governments can offer new options for financing efficient equipment and rooftop solar. This emerging challenge thus presents an opportunity to enhance the marijuana industry's access to clean energy, and to encourage the industry to use this energy more efficiently, making their products that much "greener."

Because marijuana cultivation remains federally illegal, removing barriers will require collaboration between various entities within the states.

A copy of the EQ Report includes "Recommendations" for:

- Utilities
- Public Utility Commissions
- State and Local Governmental Entities
- Marijuana Industry Associations and Entities

A copy of the EQ Report can be downloaded here.