

Business is Thriving in California

California's pioneering clean energy and climate laws are advancing a strong economy and healthy environment – proof that a thriving, low-carbon economy is good for California. AB 32 and other policies like SB 350, SB 32 and AB 197 encompass the state's collective efforts to reduce carbon pollution and transition to a clean, efficient economy. These laws represent a powerful engine of innovation, creating a vibrant clean economy, growing efficiency savings for business, and leveling the playing field for renewable energy to compete fairly with polluting sources of energy.

“AB 32, and now SB 32, have solidified CA's leadership position in the clean energy sector employing more than 500,000 Californians.”

Mary Leslie, Los Angeles
Business Council

California's suite of climate and clean energy policies are helping make California's economy more productive

- California's GDP has increased at a much faster rate than its energy use over the past 20 years and our **energy productivity has increased more than 43% since 1990**.ⁱ We currently produce **1.8 times as much economic activity** as the rest of the U.S. from the same amount of energy.ⁱⁱ
- California's economy is the **world's sixth largest** and continues to growⁱⁱⁱ – in 2015 it ranked 1st in the nation in GDP and real GDP growth was 3.8%, while the national growth rate was 2.5%.^{iv}
- California gained 330,400 jobs in 2016, up 2% from the previous year, representing 14% of all jobs gained in the United States.^v
- An **ambitious 2030 greenhouse gas reduction target** will create an additional **1 million jobs and a 6% increase in the gross state product**, to more than \$300 billion by 2050.^{vi}

For 2016, U.S. News & World Report ranked California #1 in the nation for the business environment, leading the country in private sector business creation and new invention patents, and #3 in overall economy based on growth, employment and business environment.

Leading the nation, leading the world

- California has the **largest advanced energy industry in the United States**, employing 1 in every 6 advanced energy workers nationwide.^{vii}
- **Employment in California's advanced energy sector grew 18% in 2015**, six times the rate of employment growth throughout the state.^{viii}
 - **In California, more than 500,000 employees spend all or some of their time engaged in advanced energy work**, such as energy efficiency, advanced electricity generation, biofuels, advanced grid technology, and advanced vehicles.^{ix}
 - In 2017, California employers project that advanced energy employment will increase by 8% bringing **the total number of employees to almost 550,000 in this sector**.^x
 - In the energy efficiency sector specifically, **California has the largest workforce in the nation, with more than 320,000 workers**, who spend about 50 percent of their time on energy efficiency services.^{xi}

“CA's pioneering policies have added up to opportunity – opportunity that didn't happen by accident.”

Mike Mielke, Silicon Valley
Leadership Group

“CA’s advanced transportation policies designed to curb climate change and improve air quality attracted us to move our headquarters here to invest and grow our clean bus technologies”

F. Kent Leacock, PROTERRA

- Contrary to fears that AB 32 would stifle manufacturing – **California led the nation with the highest total manufacturing output of any state in 2015**, producing more than \$278 billion.^{xii}
- For the third year in a row, California again led the country in attracting more clean tech investment than any other state in 2015 - **\$9.8 billion – an increase of 35 percent from the previous year**, in part because policies like AB 32 drive demand for renewable energy and energy efficiency, shifting the emphasis of corporate investors. ^{xiii}
- California **dominates every clean-tech index category**, including clean electricity, clean transportation, energy intelligence, green buildings, and state policies.^{xiv}

Of the total clean technology investment made in the U.S. in 2015, 67% of funding was invested in California, more than any other state.

-“2016 California Green Innovation Index,” Next 10

Energy efficiency brings benefits to small business

- These policies have resulted in energy efficiency measures that save California consumers and businesses billions on utility bills. For example, California’s new energy efficiency standards for computers and monitors **will save businesses and consumers about \$261 million on their energy bills.**^{xv} Small businesses especially benefit from energy efficiency policies with rebates, incentives and other programs that allow them to lower their energy costs significantly.^{xvi}
- California state economists suggest small service businesses – half of all small businesses in the state – will see **\$4.6 billion in increased revenues from efficiency.** That’s an extra **\$1,115 per employee** for California small service businesses.^{xvii}
- Seventy percent of energy efficiency businesses in California are **small businesses.**^{xviii}

The economic advantage of carbon markets

- Business knows best how to adapt and be competitive, so AB 32’s cap and trade program is the **ideal free market tool** to let businesses do what they do best, reducing carbon emissions at the least cost. It provides market certainty and regulatory continuity that are critical for business.
- By putting a price on carbon, AB 32 prices inefficiency and waste. As a result, California businesses are more efficient and innovative.
- A carbon market helps drive economic activity including hundreds of millions of dollars in private investment in California.
- The next industrial revolution – fueled by thoughtful investments from a cap and trade program – can help transform our energy system to one that’s efficient, innovative, affordable, and diverse.

Climate Investments for CA

- Nearly \$3.4 billion appropriated since 2013
- FY 2016-17 = \$1.1 billion appropriated
- FY 2017-18 budget = \$2.2 billion proposed
- Min. 35% to disadvantaged and low-income communities

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Small Business California
Smart Grid Library
Strategic Ocean Solutions
Super Cool Air Conditioning
Sustainable Napa County
Sustainable North Bay
Swann Communications
Technical College Online
Teresita's Restaurant
U.S. Green Building Council California
Valley Vision
VCA Realty and Property Services
Verdin Consulting

Waste Management

Technology/Energy

Alton Energy
Association for Energy Affordability
Biodico Sustainable Refineries
California Wind Energy Association
CALSEIA
Center for Energy Efficiency & Renewable
Technologies (CEERT)
Center for Sustainable Energy
Central Coast Energy Services, Inc.
ChargePoint
Clean Fuel Connection
Clean Power Campaign
Community Fuels
Continuum Industries
Edison Unlimited Clean Energy, Inc.
Efficiency.org
GRID Alternatives
Identity3, Solar Marketing
Leadership for a Clean Economy
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ⁱ "2016 California Green Innovation Index, 8th Edition," Next 10, June 2016. <http://www.next10.org/sites/next10.org/files/2016-california-green-innovation-index-1.pdf>

ⁱⁱ Ibid.

ⁱⁱⁱ "Finance Bulletin," California Department of Finance, June 2016.

http://www.dof.ca.gov/Forecasting/Economics/Economic_and_Revenue_Updates/documents/2016/june/documents/Jun-16.pdf

^{iv} "Bureau of Economic Analysis Regional Fact Sheet – California," U.S. Department of Commerce, December 2016.

<https://www.bea.gov/regional/bearfacts/action.cfm>

^v "California Labor Market Review," California Employment Development Department, January 2017.

<http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>

^{vi} California Climate Policy to 2050: Pathways for Sustained Prosperity," Next 10, May 2015. <http://next10.org/emissionpathways>

^{vii} "Advanced Energy Jobs in California 2016," Advanced Energy Economy Institute, April 2016. <https://www.aee.net/articles/new-survey-california-s-advanced-energy-industry-up-18-percent-from-last-year>

^{viii} Ibid.

^{ix} Ibid.

^x Ibid.

^{xi} "Energy Efficiency Jobs in America," Environmental Entrepreneurs and E4TheFuture, December 2016.

http://www.e2.org/wp-content/uploads/2016/12/EnergyEfficiencyJobsInAmerica_FINAL.pdf

^{xii} "California Manufacturing Facts," National Association of Manufacturers, October 2016. <http://www.nam.org/Data-and-Reports/State-Manufacturing-Data/State-Manufacturing-Data/October-2016/Manufacturing-Facts--California/>

^{xiii} *Supra*, note 1.

^{xiv} "2016 U.S. Clean Tech Leadership Index," Clean Edge, May 2016. <https://cleanedge.com/reports/2016-US-Clean-Tech-Leadership-Index>

^{xv} “Final Analysis of Computers, Computer Monitors, and Signage Displays Staff Report,” California Energy Commission, September 2016. http://docketpublic.energy.ca.gov/PublicDocuments/16-AAER-02/TN213548_20160909T092318_2016_Appliance_Efficiency_Rulemaking_Docket_Number_16AAER02Sta.pdf

^{xvi} “The Economic Impact of AB 32 on Small Business: An Update,” The Brattle Group, October 2010. http://www.brattle.com/system/publications/pdfs/000/004/795/original/Executive_Summary-2010_Update_to_The_Economic_Impact_of_AB_32.pdf?1378772130

^{xvii} “Economic Opportunity for Small Business Under AB 32,” Small Business Majority, October 2010.

<https://www.smallbusinessmajority.org/our-research/energy/economic-opportunities-small-business-under-ab-32>

^{xviii} “The 2017 Climate Change Scoping Plan Update,” California Air Resources Board, January 2017.

https://www.arb.ca.gov/cc/scopingplan/2030sp_pp_final.pdf