



The Economic Case for AB 32 California's Landmark Clean Energy Law

Smart energy policies spark job creation in California

- California's clean economy is outpacing overall job growth. Between January 2002 and January 2012, **employment in California's Core Clean Economy jumped 20 percent to reach nearly 196,000**. During the same time period, jobs in the larger overall state economy grew by two percent.ⁱ
- A first-of-its kind survey to examine California's green jobs at a large scale, conducted by the California Employment Development Department, found that the **state has nearly half-a-million jobs that emphasize green practices**. California continues to lead the nation in the percentage of the labor force working at green jobs.ⁱⁱ
- **The transition towards a cleaner economy is well underway throughout the West Coast region** with a Gross Domestic Product (GDP) contribution of \$47 billion and 508,400 full-time equivalent clean jobs in 2010. It is estimated that **up to 1.03 million net new jobs can be created between 2010 and 2020 for the West Coast**. GDP contributions of up to US \$142.7 billion and increased investments of between \$147-192 billion are also possible during this period.ⁱⁱⁱ
- **California can reduce greenhouse gas pollution while growing the economy**; we have been doing it for the last 35 years. Innovative energy policies over the past three decades have **saved Californians \$56 billion on household energy costs** and allowed them to reduce expenditures on imported fossil fuels and redirect spending to **create 1.5 million full-time jobs**.^{iv}
- California's 35-plus year history with energy efficiency shows that **50 new jobs were created** across the state's diverse economy **for every job forgone in the oil, gas and electric power sector**.^v
- Analysis from University of California researchers estimates that AB 32 policies could **increase household incomes by \$48 billion and create about 400,000 jobs**.^{vi}
- California's **Low Carbon Fuel Standard (LCFS)**, a key component of AB 32, **could create as many as 9,100 new jobs for California**. This number could be higher, particularly if the state attracts more clean fuel production facilities and technology providers.^{vii}

California consumers & businesses save billions due to energy efficiency

- AB 32 will cause Californians to spend less to heat and cool their homes because energy efficiency measures will allow households and businesses to use less energy. Californian homeowners are expected to **save \$200 a year on electricity** due to AB 32.^{viii}
- Simple energy efficiency improvements to existing buildings yield **\$3 in savings on average for every \$1 invested**.^{ix}
- An analysis by The Brattle Group, an international economic consulting firm, found that AB 32 will have a barely noticeable impact on small businesses – less than a tenth of one percent in 2020. Moreover, by **investing in energy efficiency**, taking advantage of rebates, incentives, and other programs small businesses **can lower their energy costs significantly and achieve cost savings**.^x
- Increased energy efficiency benefits the general economy and consumers. **Consumers directly benefit from California's efficiency policies**. While California's average electricity rates per kilowatt-hour are higher than the U.S. and other large states, average monthly bills in California were lower and declined more significantly from 1992 to 2012 as energy efficiency improved.^{xi}

AB 32 is driving billions of investment dollars into California

- The cleantech sector saw a **25 percent increase in funding** from the third quarter of 2013 to **\$366 million**.^{xii}
- At \$179 million, **Silicon Valley received the most cleantech funding of any region** in the third quarter of 2014, accounting for nearly **50 percent of the total**. **LA/Orange County also ranked in the top 5 regions nationally** for cleantech funding.^{xiii}
- Policies like AB 32 and the state's Renewable Portfolio Standard are **driving demand for renewable energy and energy efficiency**, and as a result, **corporate investors have shifted their emphasis**.^{xiv}
- Since 2006 when clean technology investment began to rise, **investors put a total of more than \$27 billion of venture capital and other financing into California clean technology companies**.^{xv}
- Between 2006 and 2012, **California clean-tech companies accounted for the most venture capital of any state** — both by number of deals and total dollars raised. California companies received 40 percent of all dollars that have flowed into market categories related to AB 32.^{xvi}
- The LCFS is **driving investment in low carbon biodiesel, ethanol, renewable diesel, biogas, and electricity**.^{xvii}

AB 32 and the LCFS will lessen California's dependence on oil

- AB 32 policies will bring the next generation of fuel-efficient cars to the state. These clean cars are estimated to **save drivers more than \$5 billion in fuel costs in 2030** — that translates to \$315 per household.^{xviii}
- Reduced demand for imported fuels through a suite of AB 32 policies will shield Californians from the price volatility of these fuels. A first-of-its-kind study found significant savings if an oil price shock occurred in 2020, with California **consumers and businesses saving between \$2.4 and \$5.2 billion, and the average household saving up to \$362**.^{xix}
- The LCFS is likely to **lower the average price of transportation fuels and bring greater stability to fuel prices** in response to fluctuating crude oil prices, as the number of competitors selling in the wholesale fuel market increases as well as the diversity of fuel types.^{xx}
- Compared to the U.S. as a whole, **California is less dependent on carbon intensive energy**; the U.S. got 20 percent of its energy from coal and nine percent from renewable energy, compared to one percent from coal and 12 percent from renewables in California.^{xxi}

AB 32 will help stabilize California's economic future

- The most expensive way to respond to climate change is to ignore it. We are already feeling climate change impacts, and if left unchecked **climate change could cost California as much as \$47 billion every year in direct damages** and put at risk trillions of dollars of real estate, infrastructure, and other assets.^{xxii}
Unrestrained greenhouse gas pollution also threatens water resources and important industries like tourism, entertainment, agriculture, and recreation that fuel the state's economic engine.
- By spurring greater use of clean alternative fuels and vehicles, the **LCFS will result in \$1.4 – \$4.8 billion in societal benefits by 2020 from reduced air pollution and increased energy security**.^{xxiii}

Opponents continue to release misleading, questionable studies

- A UC Davis Expert Review **discredits the assumptions, methodology and results of the Boston Consulting Group (BCG) study**, "Understanding the Impacts of AB32," funded by Western States Petroleum Association (WSPA), and released in June 2012. **If the expert reviewers were grading the WSPA/BCG study, they'd give it an "F" for fail**.^{xxiv}
- **Every mainstream effort to model the economic impacts of AB 32 shows that the program is affordable** — even when you ignore most economic benefits of curbing greenhouse gas pollution.^{xxv}

ⁱ "California Green Innovation Index, 6th Edition," Next 10, May 2014.

<http://next10.org/sites/next10.huang.radicaldesigns.org/files/2014%20Green%20Innovation%20Index.pdf>

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