California Green Collar Jobs Council
Issue Brief

Focus: "*Expand Economic Development Activities"*
Meeting Date: *May 17, 2011*

Background:

With the downturn in the United States economy the Green Collar Jobs Council is concerned that California's cutting edge environmental policies are resulting in greater economic growth for foreign competitors in today's globally interconnected economy. It is apparent to the Council that among California's business competitiveness issues, financing will be a major factor to develop strong regional industry clusters that will create innovative thinking, create good paying career paths, and catalyze economic prosperity. The Council is committed to increasing alignment of public policies and resources to maximize outcomes that will better position businesses.

In support of these goals the Council invited members of the private financing sector, public financing representatives, as well as businesses to discuss the various issues facing capital investment and economic development in the green economy. Though these panels focused primarily on the Solar and Renewable sectors many of these recommendations can be applied to other green industries. Permitting specifically has been identified as a barrier in not only Solar and renewables but energy efficiency, water conservation, and many other industries as well.

Key Findings:

The following key findings are based on the discussion that occurred at the May 17th Green Collar Jobs Council meeting.

Permitting:

Permitting is the biggest regulatory obstacle for new solar projects. In the U.S. there are 18,000 entities having some jurisdiction over permitting. According to a recent study by *SunRun, titled, The Impact of Local Permitting on the Cost of Solar Power,* it was found that the local permitting and inspection process adds an additional 50 cents/watt or approximately $2,500 for the average customer system. If the permitting process was streamlined and standardized throughout the state it would be the equivalent of an additional $1 billion subsidy for the Solar Industry over the next 5 years.

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Financing:

As capital remains scarce in the current economic climate, financing for businesses in every stage of development is one of the primary obstacles for growth. The Department of the Treasury's 1603 Program provides up to a 30% cash grant to qualifying renewable projects that begin construction of the property in 2011. There are currently hundreds of megawatts of outstanding projects that will not get built if they do not receive approval from the Department of Treasury before the end of this year.

ABx1 14 (Skinner) seeks to re-direct $50 million funding from the PACE programs that are currently on hold, to be used to create a new Clean Energy Upgrade Program under the oversight of the California Alternative Energy and Advanced Transportation Financing Authority. Under the new program, the Authority would provide reserves or other financial assistance to financial institutions that provide loans for energy or water conservation, electric vehicle charging infrastructure, or renewable energy generation. By providing financial assistance to lenders, the bill intends to lower borrowing costs for borrowers and make credit more available.

Demand:

The $2 billion dollar California Solar Initiative is currently one of the largest drivers for the solar industry in the state. This program provides much of the financing that is currently required to make large and small scale solar projects cost effective. However, the CSI is currently suffering from a short fall of $170 million, because the systems that have been installed to date have been more efficient than originally predicted.

SB 585 (Kehoe) would authorize the use of interest collected through CSI and extend the rate payer portion to fund certain program short falls. The goal was to hit 3 GigaWatts total under CSI, if passed SB 585 would allow an approximate additional 400 Megawatts to be built.

Recommendations:

The California Solar Initiative should be extended to fund program shortfalls. In addition, under the CSI, the use of solar panels and materials that are manufactured in California should be strongly encouraged. As a California rate payer initiative, CSI should maximize employment opportunities for Californians.

Renewable Energy permitting processes must be streamlined. Workforce and Economic Development at the regional level must engage local officials that can affect change in the permitting process. One vehicle for this discussion may be the already established networks that were formed under the Regional Industry Clusters of

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Opportunity (RICO) grants. If a consensus can be reached locally to ease the burden of permitting, both in terms of cost and time, businesses may be more attracted to the area and projects will come to market at a faster rate. At the state level, legislation that attempts to ease the burden of permitting would potentially assist businesses in reducing costs.

Assist business to capitalize on the Department of Treasury's 1603 program. Capital continues to be an issue for many businesses in various stages of development. California must find innovative solutions to freeing up capital and paving the way for investment. One quick way to help businesses receive financing is to inform them of the various resources available throughout the state. This information can be found in the California Workforce Investment Board's Business Services Resource Catalog which will soon be converted into an online web tool. Similarly, there are many federal programs that should be considered and catalogued.

Continue to emphasize California Renewable Portfolio Standards and innovative green house gas reductions policies. Policies including AB 32 and the 33% renewable energy standard by 2020 provide stability in the market and certainty for investors.

Encourage the State's economic development collaboration with business. As businesses make the transition from startup to Research and Development to manufacturing it is important that the Governor, Lt. Governor, and other State Economic Development leaders are engaged to ensure that these businesses locate and remain in California. California is one of the largest markets for solar and energy efficiency, however, many of the projects that utilize state incentives are built with materials that are manufactured elsewhere. As states such as Oregon, Texas, and Nevada become increasingly attractive to businesses, California must continue to offer incentives for companies that manufacture in the state and projects that utilize those products.

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