State climate policies are providing boost to Valley's economy

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From the statehouse to the courthouse to Washington, D.C., California’s pioneering climate policies face scrutiny. How do they affect jobs? How do they affect the economy more broadly? Do they cost too much?

People have a lot of opinions about these questions. At Next 10, we wanted to add hard economic data to the discussion. So Next 10 commissioned a team of UC Berkeley researchers to complete the first academic, comprehensive cost/benefit study of climate policies in the San Joaquin Valley.

With an economy tied to fossil fuels, the eight-county region is one of the state’s most economically vulnerable to climate policies. It’s also particularly vulnerable to the effects of climate change and related air pollution. So while the valley’s economic and environmental challenges make tackling climate change especially tricky, they also present unique opportunities. If climate policies can work in the San Joaquin Valley, they can work anywhere in California – and serve as a model for other states and nations.
This study looked at our state’s carbon cap-and-trade program, renewable energy policy and energy efficiency programs. The data revealed plenty of economic costs, but even greater economic benefits. In total, these key climate policies have boosted the San Joaquin Valley’s economy by more than $13 billion.

The biggest benefits have flowed from California’s Renewables Portfolio Standard, which calls for 33 percent renewable energy by 2020 and 50 percent by 2030. The valley has emerged as a renewables leader; it is home to 24 percent of our state’s solar generation and 54 percent of our wind generation. Renewable energy projects have brought $11.6 billion in economic activity to the valley. From 2002 to 2015, renewable programs created about 31,000 direct jobs here, as people were hired to build, operate and maintain generating facilities. Another 57,000 jobs were created indirectly, as suppliers and supporting businesses expanded. That’s 88,000 jobs in a part of the state that really needs them.

We also looked at California’s carbon cap-and-trade program, which affects the valley disproportionately because regulated industries are concentrated here. Cap-and-trade auction proceeds have been spent on high-speed rail, affordable housing, irrigation modernization, electric vehicle incentives and other emissions-reducing projects.

After subtracting compliance and other costs of cap and trade, we found direct economic benefits of $119 million and $200 million with indirect benefits included. Once auction proceeds that have been approved but not yet dispersed are spent, the region can expect $1 billion in direct benefits, plus $500 million in indirect benefits. Cap and trade has netted the valley more than 700 direct and 1,600 indirect jobs from 2013 through 2015.

Energy-efficiency programs run by investor-owned utilities in the San Joaquin Valley are the state’s most cost-effective. Our study found they have delivered net economic benefits of $248 million since 2010, and from 2006 to 2015, they created 6,700 direct and 10,700 indirect jobs.

The bottom line is that California’s major climate programs are boosting the San Joaquin Valley’s economy. Lawmakers should remember that as they consider next steps, including extending the cap-and-trade system beyond 2020 in the face of a legal challenge and the potential loss of supporting policies at the federal level.

Presented with challenges at the state and federal level, California will need to decide how to respond. Our report shows that our state’s climate policies are not just helping the environment – they’re also building the economy and creating jobs in some of our state’s most vulnerable communities.

As policymakers and stakeholders evaluate the future of climate action, we hope this information will help them make the best choices for California, the nation and the world.

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