

Economic Analysis of the Proposed Scoping Plan

**Summary for the
Environmental Justice Advisory Committee**

October 21, 2008
Sacramento, CA

Overview

- The Model
- Modeling Assumptions
- Impacts on the California Economy
- Impacts on Businesses
- Impacts on the Consumers
- Green Jobs

E-DRAM Major Model Inputs

- Costs of Measure
- Savings of Measure
- Inputs and Assumptions in Appendix I
- Measure Details in Measure Documentation Supplement

E-DRAM Major Model Outputs

- Change in Output
- Change in Gross State Product
- Change in Employment
- Change in Personal Income
- Change in Per Capita Income

E-DRAM Baseline/Business-as-Usual

- Department of Finance Projections
- Bureau of Labor Statistics Projections
- ARB GHG Emission Projections
- Energy Sector Related Projections

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Business-As-Usual Case

Economic Indicator	2007	2020	Diff	Ave Annual
Real CA Output (\$Billion)	2,535	3,597	1,063	2.7%
GSP (\$Billion)	1,811	2,586	775	2.8%
Personal Income (\$Billion)	1,464	2,093	628	2.8%
Per Capita Income (\$Thousands)	38.6	47.6	9	1.6%
Employment (Millions)	16.4	18.4	2	0.9%

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Modeling Assumptions

- All Measures Translated into Costs and Savings (if applicable)
- Annualized Costs
- Annual Savings
- Inputs and Assumptions in Appendix I
- Measure Details in Measure Documentation Supplement

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Impacts on California Economy

Economic Indicator	BAU	Plan	Change	% Diff
Real CA Output (\$Billion)	3,597	3,630	33	0.9
GSP (\$Billion)	2,586	2,593	7	0.3
Personal Income (\$Billion)	2,093	2,109	16	0.8
Per Capita Income (\$Thousands)	47.56	47.76	0.20	0.4
Employment (Millions)	18.41	18.53	0.12	0.7

Carbon Price of ~\$10 per ton of CO₂e

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Sector Output Impacts (\$BILLIONS)

Sector	2007	BAU	Plan	Change
Ag., Forestry & Fishing	76	109	113	3.9%
Mining	27	29	31	7.2%
Utilities	51	72	60	-16.7%
Construction	114	164	166	1.7%
Manufacturing	673	943	948	0.5%
Wholesale Trade	120	171	173	1.0%
Retail Trade	207	296	291	-1.6%
Transport. & Warehousing	76	109	111	1.9%
Information	164	235	238	1.1%
Finance, Ins. & Real Estate	391	559	572	2.3%
Services	636	910	927	1.9%
Total	2,535	3,597	3,630	0.8%

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Household Employment Impacts

- In 2020, relative to BAU:
 - ~ 50,000 more low wage jobs (<\$15/hr) in 2020 relative to BAU
 - ~ 40,000 more medium wage jobs (\$15-\$30/hr) in 2020 relative to BAU
- Some sectors may experience losses relative to BAU, though workers can transition to similar jobs in other sectors

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Household Expenditure Impacts

Income Group	Net Savings (2007\$)	% of Total Expenditures
Low Income (<100% Poverty)	\$400	2%
Low Income (<200% Poverty)	\$400	2%
Middle Income	\$500	1%
High Income	\$500	1%
All Households	\$500	1%

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Business Impacts

- Improved California Business Competitiveness
- No Adverse Impact on Business in General
- Large Business Will Be More Responsive
- Large Business Greater Ability to Invest in Energy Saving Technologies

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Small Business Impacts

- Small Business Spend More on Energy Per Dollar of Revenue
- Reduced Energy Bill Will Bring about More Benefits to Small Business
- Program Design Will Need to Address Up-front Costs to Small Business

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Green Technology Jobs

- Green Job Creation:
 - Energy efficiency
 - Renewable Energy
 - Venture Capital Investment
 - Export market access

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Conclusions

- Model Inputs Drive the Findings
- Plan Has a Positive Impact on the Economy
- Economic Impacts Not Uniform Across All Sectors Relative to BAU
- Plan has a Positive Impact Business Including Small Business
- Plan Has a Positive Impact on Consumers

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