

My name is Scott Hauge. I am the owner of a small business in San Francisco. I am the President of Small Business California, which is a grass roots non-partisan statewide advocacy group in California, as well as Vice President of Advocacy for the National Small Business Association, the oldest small business association in the United States.

Small Business California is steadfast in their belief that climate change is real and significant. We are also steadfast in the belief that if America is serious about confronting the specter of global climate change, the deficiencies of its national energy policy and the environmental, economic and security threats posed by its oil dependence, small business must be comprehensively involved in the effort.

Senator Kerry recently noted that small business is half of the economy and undoubtedly we are responsible for a commensurate amount of the nation's energy consumption as well. It is therefore both unfair and unwise to attempt to address this serious issue without the input and collaboration of America's small businesses.

I would like to begin my comments today by addressing the role Small Business California in the passage of AB32 in August of last year, the landmark Global Warming Solutions Act. I'm proud to state that Small Business California was the first statewide business group in the state to come out in support. of AB 32.

With the passage of AB32, California begins the difficult and challenging process of implementing the legislation. Small business has a seat at the table. I am a member of TACC.

So - just as we walked the halls of the capitol in Sacramento and testified before legislators to move AB32 towards passage, we now embark on the path of developing actual solutions that will help especially small businesses to incorporate energy efficiency as part of the everyday processes they participate in during the normal course of doing business.

Here is our "silver buckshot" approach:

(1) we aim to create incentives for small businesses to become energy efficient; especially through purchase of Energy Star equipment.

(2) we aim to embed these incentives in the day-to-day, routine operations of state government so that reducing greenhouse gas emissions is not a separate program

Here's our test case:

Current ratepayer funded utility incentive programs are designed to reduce energy use. Developing new ways that take advantage of those funds in cooperation with state agencies will help California accelerate progress.

As an example, CPUC mandated utility programs provide financial incentives for businesses to invest in new energy efficient food service equipment. New refrigerators, ovens and fryers are just a few of the types of more efficient equipment on that menu. Unfortunately rebates are often not enough to leverage new equipment investments. Refrigerators and stoves last for many years and business owners often find the marginal operating savings new equipment offers cannot compete with other demands for capital. Recently a food service equipment distributor suggested, “Talk to us when we’re setting up the business, like when we’re applying for the liquor permit.”

Following this advice, we asked the California Department of Alcohol Beverage Control to consider, among other ideas, that applicants who provide evidence in their DABC application process of at least \$2500 in purchases of energy efficient refrigeration or food service equipment get “fast track” preference regarding the general application backlog that follows the public comment waiting periods.

Now we’ve taken this advocacy another step forward by successfully including language in the final drafts document that the AB32 Economic and Technology Advancement Advisory Committee, one of the three panels that will recommend to the California Air Resources Board regarding just what early actions they should take to foster success towards California’s objective of emissions reduction to 25% below 1990 levels by 2020.

The language currently reads:

Regular Reporting of Progress Mandate on All State Agencies: The ETAAC industrial sector committee requests that the Governor specifically direct each state agency that interfaces with businesses and/or consumers to do everything possible to help AB 32 succeed in reducing emissions. Beginning in 2008, each state agency should issue progress reports at six month intervals. This would encourage agencies to review the scope of their authority, to find where their policies may be conflicting or not supportive of business and consumer efforts to reduce their GHG emissions, and to take appropriate steps to improve the situation.

With our success in making this language part of the DNA from which California will use to guide AB32 efforts, SB-Cal has acted already to build on this initiative by arranging a meeting where Pacific Gas & Electric, California’s largest utility and the Bay Area Air Quality Management District, the agency tasked with air quality based compliance and enforcement responsibility in northern California, will meet to discuss ways ratepayer funds PG&E uses to incentivize energy efficiency can be used to provide the financial “axle grease” that will help encourage businesses and consumers to recover profits lost through energy waste while meeting emissions reductions requirements, turning what could be viewed as an onerous compliance requirement for small businesses into a positive economic opportunity.

That is what AB32 is designed to deliver; emissions reductions for California that grows economic opportunity for the state’s businesses and consumers.

Conclusion:

This test case is consequential.

If we can do this for liquor licenses, then can we do it for all the many other state permits and licenses?

If we can do in this in California, can the models developed there be employed in other states?