

# Investor Statement Opposing California Proposition 23

October 2010

We are 68 investors collectively managing over \$415 billion in assets, writing to urge California voters to *oppose* Proposition 23, the statewide ballot initiative to stop implementation of the state's landmark clean energy law, AB32.

As investors, we need certainty about the policies that govern the sectors in which we invest so that we can make strategic, profitable investments over the long term. AB32, which sets an economy-wide limit on greenhouse gas pollution and promotes clean energy development, provides us with this certainty. As a result, many investors have invested billions of dollars in California for the development of clean technologies – one of the state's few growth industries in recent years and, we believe, one of the most promising global growth industries of the 21st Century.

This policy certainty, however, would be eliminated if Proposition 23 passes, because it would eliminate the clear market signals investors need to safely invest our money in California's clean energy opportunities. This would cause California to lose billions of dollars of investment and thousands of jobs to competitors like China, Japan, Germany, or other U.S. states that have more stable commitments to clean energy policy. It would also increase California's dependence on fossil fuels while increasing air pollution that contributes to asthma and other public health impacts.

Here are the details on why voters should oppose Proposition 23:

**Job Growth:** If Proposition 23 passes, California would lose thousands of jobs to other nations and states. More than half a million Californians are already employed in clean tech jobs, including more than 93,000 in manufacturing and 68,000 in construction. In an extremely difficult economy during which the state has lost 1% of its jobs, clean technology has been one of California's key growth industries, increasing jobs at a rate of 5% from 2007 to 2008.<sup>1</sup> Other studies show that California green jobs have grown 10 times faster than the statewide average.<sup>2</sup>

**Private Investment:** Nine billion dollars have been invested in the development of clean technology in California since enactment of AB32 in 2006.<sup>3</sup> Without AB32, billions of dollars in additional investment would be lost to other states and nations.

**Energy Price Savings and Stability:** Through its energy efficiency measures, AB32 lowers electricity costs by lowering energy demand, saving money for consumers and the state of California. Studies show that by spending less money on energy, California could increase the Gross State Product by about \$76 billion.<sup>4</sup> AB32 also lowers the price of clean energy by encouraging investments that will increase the clean energy supply. This ensures that we lock in lower prices for fossil fuel alternatives now, keeping energy prices stable over the long-term. Prop. 23 would inhibit this price saving and stability while increasing our use of dirty fuels whose costs are expected to rise over time.

**Air pollution and public health:** Air pollution is a major threat to public health in California, with skyrocketing rates of asthma and lung disease especially among children. Each year, according to the American

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1. California Economic Development Department, "State Survey Identifies Over 300,000 Jobs in California With Major Emphasis on Green Practices," April 21, 2010, [http://www.edd.ca.gov/About\\_EDD/pdf/nws-rel10-10.pdf](http://www.edd.ca.gov/About_EDD/pdf/nws-rel10-10.pdf) (accessed 7/23/2010). Next 10 report: "Energy Prices & California's Economic Security," San Francisco, October 2009, [http://www.next10.org/next10/publications/energy\\_prices.html](http://www.next10.org/next10/publications/energy_prices.html) (accessed 7/23/2010).
  2. California Green Innovation Index, Collaborative Economics and Next 10, 2009.
  3. An April 5, 2010, article by Cleantech Group LLC titled "Cleantech Thriving in California under AB 32, shows data," reports that from 2007 through the first quarter of 2010, private firms invested about \$8.4 billion in clean technology, <http://cleantech.com/news/5755/cleantech-thriving-AB32-data> (accessed 7/23/2010). A July 29, 2010, article by FavStocks titled "Biggest Winner Yet Again: California Clean Tech Companies Get Most VC Funding," reports that private firms invested another \$980 million in clean technology in California in the second quarter of 2010, <http://www.favstocks.com/biggest-winner-yet-again-california-clean-tech-companies-get-most-vc-funding/0920344/> (accessed 7/23/2010).
  4. David Roland-Holst, Energy Efficiency, Innovation, and Job Creation in California, Center for Energy, Resources, and Economic Sustainability (CERES), University of California, Berkeley, October 2008, [http://are.berkeley.edu/~dwrh/CERES\\_Web/Docs/UCB%20Energy%20Innovation%20and%20Job%20Creation%2010-20-08.pdf](http://are.berkeley.edu/~dwrh/CERES_Web/Docs/UCB%20Energy%20Innovation%20and%20Job%20Creation%2010-20-08.pdf), (accessed 7/23/2010).

Lung Association, California's air pollution contributes to thousands of premature deaths, 9,400 hospitalizations, and more than 300,000 respiratory illnesses for California families. Prop. 23 would lead to increased air pollution and the associated public health risks, as well as the economic costs that go along with them.

Additionally, passage of Proposition 23 would undermine California's role as a national clean energy leader, and could lead to the rollback of environmental protection mechanisms in other states that look to California as a model for environmental policy – further harming our clean tech industries. This could in turn delay the entire nation's transition to cleaner energy and greater energy independence, all while sending a negative message to the rest of the world about America's leadership in clean energy technologies.

As investors we are deeply concerned with ensuring California's economic well-being. It is shortsighted and counterproductive to take a giant step backward on the clean energy path, a path that this state and nation must eventually follow to protect our energy security, public health and environment. We strongly urge voters to oppose Proposition 23.

### Investor Signatories

Advanced Technology Ventures	Mn Services
AFL-CIO Office of Investment	Morgenthaler Ventures
As You Sow	National Venture Capital Association
Boston Common Asset Management	Nephila Advisors LLC
Calvert Asset Management Company, Inc.	New Forest Advisory Inc.
Canaan Partners	Newground Social Investment
Capital Park Holdings	NorthStar Asset Management
Catholic Healthcare West	Noventi Ventures
Ceres	Nth Power
Christian Brothers Investment Services, Inc.	Parnassus Investments
CMEA Capital	Pax World Management LLC
Coalition for Responsible Investment	Physic Ventures
Deutsche Climate Change Advisors	Progressive Asset Management
Domini Social Investments LLC	RBC SRI Wealth Management Group
EKO Asset Management Partners	RLP Capital
Element Partners	Robert Brooke Zevin Associates
Essex Investment Management	SAIL Venture Partners
Expansion Capital Partners	Scale Venture Partners
F&C Management Ltd.	Sisters of Charity of Cincinnati Corporate Responsibility Committee
Firelake Capital Management	Spring Ventures
First Affirmative Financial Network LLC	SVB Capital
Flybridge Capital Partners	Technology Partners
Friends Fiduciary Corporation	TerraVerde Capital Management LLC
Globescan Capital Partners	The Sustainability Group
Green Alpha Advisors	Trillium Asset Management
Green Century Capital Management	Unitarian Universalist Association
Henderson Global Investors	U.S. Venture Partners
Impax Asset Management Limited	VantagePoint Venture Partners
Johnathan Rose Companies	Velocity Venture Capital
Kleiner Perkins Caufield & Byers	Venrock
Marianist Province of the U.S.	Veris Wealth Partners
MDV- Mohr Davidow Ventures	Walden Asset Management
Miller/Howard Investments	WilderHill Clean Energy Index (ECO)
MissionPoint Capital Partners	Winslow Management Company