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Is the business climate changing when it comes to global warming?

By **Malcolm Maclachlan** | 11/05/09 12:00 AM PST

A pair of big California companies made national headlines last month when they pulled out of the US Chamber of Commerce over that business group's stand on global warming. The departure of Apple Computer and Pacific Gas & Electric has proved to be a public relations black eye for the venerable organization.

These moves could prove to be a taste of things to come. The business community seems to be headed for further splits, as more companies shift from what has traditionally been thought of as the business position—denying the reality and/importance of man-made climate change.

The US Chamber sought to walk a fine line, publically acknowledging that they "are not debating the science behind global warming," even while they oppose climate change legislation working its way through Congress. Closer to home, the California Chamber of Commerce is dealing with a somewhat similar dilemma—speaking in support of AB 32, the state's 2006 global warming law, while fighting some of the costlier aspects of its implementation.

The CA Chamber has not been getting any pushback from members on their climate change positions, said spokeswoman Denise Davis.

"Our position is not the same as the US Chamber," Davis said.

Shelley Sullivan, a spokeswoman for the AB 32 Implementation Group, called the US and Cal Chambers "apples and oranges." The Implementation Group is a joint venture between the CA Chamber, the California Manufacturers & Technology Association (CMTA), and numerous member businesses. It has frequently fought with regulators, mainly at the California Air Resources Board (CARB), over implementing AB 32.

"Our group understands AB 32 is the law in California and AB 32 is too important to get wrong," Sullivan said. "Which is why the AB 32 Implementation Group believes it is critical that a sound economic analysis of true implementation costs must be conducted. AB 32 is quite ambitious and we must strike the right balance in protecting the interests of California's consumers and workers as we move forward."

But Mark McLeod, chair of government affairs at the Berkeley Chamber of Commerce, said that he considers both the Cal Chamber and the US Chamber similar when it comes to dealing with climate change. The Berkeley Chamber maintains no affiliation with either group.

"Both of those organizations tend to be very retrogressive, conservative and unhelpful in moving good climate change legislation forward," said McLeod, who is also the executive director of the nonprofit Sustainable Business Alliance.

McLeod added, "I don't particularly want to be involved in a local chamber if it's sending dues to the state Chamber or the US Chamber. I don't know any of the local chambers down here who are dues paying members of the state or US."

Actually, across the Bay, the San Francisco Chamber does maintain relations with both groups. But they're also pushing back on the climate change issue.

Early last month, about the same time Apple was said it was leaving the US Chamber, the San Francisco Chamber announced that it would no longer automatically enroll its member businesses as members in the US Chamber. This was a fairly typical set-up—membership in most chambers of commerce is reserved for actual businesses, not for smaller chambers, but many local chambers have this type of relationship with state, regional or national bodies.

"As the US Chamber position on climate change became more and more difficult to defend, it caused concern with

our membership," said Rob Black, a vice president with the San Francisco Chamber.

San Francisco Chamber CEO Steven Falk addressed the split in a regular column he writes about climate change in a monthly newsletter. November's column, "Chambers of Commerce Are Not All Alike," he quotes PG&E CEO Peter Darbee accusing the US Chamber of being intellectually dishonest in their opposition to climate change legislation, and said the US Chamber's position that motor vehicle emissions don't harm human health hurts the group's "credibility."

The SF Chamber's Black does not subject the Cal Chamber to that type of criticism. But he added, "You'd be hard pressed to say the [AB 32] Implementation Group has not tried to delay the process."

When AB 32 was in front of the Legislature in 2006, the bill was on the Cal Chamber's "Job Killer" list of bills they wanted to defeat. When asked what changed between then and now, the Cal Chamber's Davis said: "What changed is it was signed by the governor. It's now law in California. We want to be sure it's implemented in the most cost effective manner."

While environmentalists hailed AB 32 as one of the most important climate change bills ever passed, many have criticized the implementation phase that followed. This began early, when Governor Arnold Schwarzenegger issued an executive order moving many of the rule making powers from CARB to the California Environmental Protection Agency (Cal/EPA), an agency many feel is more under the control of the often business-friendly governor.

More recently, the AB 32 Implementation Group has criticized the millions in administrative fees collected by CARB to implement the law. This led dueling letters on the pages of the Capitol Weekly between Dorothy Rothrock, vice president of government relations for CMTA, and ARB chair Mary Nichols.

There are also inherent differences between different industries and different-sized companies. The AB 32 Implementation Group and CMTA have often argued that the law could hurt small businesses. A July report from Varshey & Associates, a consulting firm run by Sacramento State Business professor Sanja Varshney, warned "the implementation costs of AB 32 could easily exceed \$100 billion upfront," much of that borne by small business. The study was commissioned by the California Small Business Roundtable.

Unlikely, said Tom Bowman, founder of Signal Hill-based Bowman Global Change. The costs of AB 32 fall more on big, polluting industries, he said, not the typical mom-and-pop operation. As an experiment, he said, his small consulting company set out to see how much of its carbon footprint it could reduce between 2006 and 2008. By trading in a company SUV for a Prius, changing employee commuting habits, changing out copying systems, he said, they were able to reduce their carbon output by 65 percent.

The best part, he said, was that over a two year payoff period, these changes are actually saving money. In fact, he said, the greater energy efficiency that California companies have is actually a competitive advantage over firms in other states, because they save money over the long term. But he acknowledged, that, as they say, results may vary.

"If I ran a trucking company, it might not be this way because I'd be burning diesel fuel all day," Bowman said. "No two businesses are alike."

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