

State of California
AIR RESOURCES BOARD

RESEARCH PROPOSAL

Resolution 08-17

February 28, 2008

Agenda Item No.: 8-2-2

WHEREAS, the Air Resources Board has been directed to carry out an effective research program in conjunction with its efforts to combat air pollution, pursuant to Health and Safety Code sections 39700 through 39705;

WHEREAS, a research proposal, number 2646-258, entitled "The California Climate Change Industry: An Economic Analysis Assessing the Current Market and Prospects for Growth in the Global Economy," has been submitted by Environmental Business International, Incorporated, in response to RFP No. 07-315;

WHEREAS, the Research Division staff has reviewed and recommended this proposal for approval; and

WHEREAS, the Research Screening Committee has reviewed and recommends for funding:

Proposal Number 2646-258 entitled "The California Climate Change Industry: An Economic Analysis Assessing the Current Market and Prospects for Growth in the Global Economy," submitted by Environmental Business International, Incorporated, for a total amount not to exceed \$196,211.

NOW, THEREFORE BE IT RESOLVED, that the Air Resources Board, pursuant to the authority granted by Health and Safety Code section 39703, hereby accepts the recommendation of the Research Screening Committee and approves the following:

Proposal Number 2646-258 entitled "The California Climate Change Industry: An Economic Analysis Assessing the Current Market and Prospects for Growth in the Global Economy," submitted by Environmental Business International, Incorporated, for a total amount not to exceed \$196,211.

BE IT FURTHER RESOLVED, that the Executive Officer is hereby authorized to initiate administrative procedures and execute all necessary documents and contracts for the research effort proposed herein, and as described in Attachment A, in an amount not to exceed \$196,211.

I hereby certify that the above is a true and correct copy of Resolution 08-17, as adopted by the Air Resources Board.

/s/

Lori Andreoni, Clerk of the Board

ATTACHMENT A

“The California Climate Change Industry: An Economic Analysis Assessing the Current Market and Prospects for Growth in the Global Economy”

Background

The California Global Warming Solutions Act of 2006 (AB 32) requires the Air Resources Board (ARB) to adopt regulations to reduce greenhouse gas emissions while considering benefits to the California economy. Climate change regulations may impose costs on businesses. However, they are likely to provide significant economic opportunities.

Aware of changing public attitudes, a growing number of businesses have begun to invest in the emerging climate change industry. Current and future regulations would further stimulate demand in the industry. The expected expansion of the industry will increase jobs, profits and exports. This study will evaluate these benefits and identify market drivers that can enhance them. It will also assess improvements in business and energy indicators.

Objective

The objective of this study is to define the climate change industry and characterize its current status and assess its relative importance to the California economy today and in the future. The contractor will also identify market drivers that can help in further development and growth of the industry in California.

Methods

The contractor will conduct an intensive review of the current literature and other sources of information including a panel of experts to develop a comprehensive and workable definition and segmentation of the climate change industry. The contractor will also identify the main market drivers for each market segment and provide a profile of businesses in each of the market segments. The financial and economic data collected at the firm level is to be aggregated to the economy-wide level and be used to project the potential growth of the industry and its impact on the California economy.

Expected Results

The study will provide a uniform set of definitions and market segmentations of the climate change industry, an identification of market drivers that support the development and growth of the industry, a projection of the growth of the climate change industry, an assessment of the industry potential contribution to the California economy, a directory of climate change firms, and supporting evidence.

Significance to the Board

This study will provide the Board with data on the positive impacts of climate change regulations that could be used along with the regulatory costs in evaluating how climate change regulations may affect the California economy.

Contractor:

Environmental Business International, Incorporated

Contract Period:

24 months

Principal Investigator:

Grant Ferrier

Contract Amount:

\$196,211

Basis for Indirect Cost Rate:

The contractor's overhead rates are within guidelines of federal rates: 25 percent for overhead, 5 percent for general and administrative expenses, and 4 percent for profit.

Past Experience with this Principal Investigator:

This investigator successfully completed a study for ARB in 2002 on the impacts of the air pollution control industry on the California economy.

Prior Research Division Funding to Environmental Business International, Inc.:

Year	2007	2006	2005
Funding	\$0	\$0	\$0

BUDGET SUMMARY

Contractor: Environmental Business International, Inc.

The Climate Change Industry in California: the Current Market and Prospect for Growth
in the Global Economy**DIRECT COSTS AND BENEFITS**

1.	Labor and Employee Fringe Benefits	\$	135,344
2.	Subcontractors	\$	3,500
3.	Equipment	\$	0
4.	Travel and Subsistence	\$	3,000
5.	Electronic Data Processing	\$	0
6.	Reproduction/Publication	\$	0
7.	Mail and Phone	\$	1,000
8.	Supplies	\$	3,000
9.	Analyses	\$	0
10.	Miscellaneous	\$	<u>0</u>
	Total Direct Costs		\$145,844

INDIRECT COSTS

1.	Overhead	\$	33,836
2.	General and Administrative Expenses	\$	8,984
3.	Other Indirect Costs	\$	0
4.	Fee or Profit	\$	<u>7,547</u>
	Total Indirect Costs		\$50,367

TOTAL PROJECT COSTS **\$196,211**

Attachment 1**SUBCONTRACTORS' BUDGET SUMMARY**

Subcontractor: A DAV Contractor

Description of subcontractor's responsibility: includes reproduction/copying of draft versions of the final report and presentation materials.

DIRECT COSTS AND BENEFITS

1.	Labor and Employee Fringe Benefits	\$	3,500
2.	Subcontractors	\$	0
3.	Equipment	\$	0
4.	Travel and Subsistence	\$	0
5.	Electronic Data Processing	\$	0
6.	Reproduction/Publication	\$	0
7.	Mail and Phone	\$	0
8.	Supplies	\$	0
9.	Analyses	\$	0
10.	Miscellaneous	\$	<u>0</u>
	Total Direct Costs		\$3,500.00

INDIRECT COSTS

1.	Overhead	\$	0
2.	General and Administrative Expenses	\$	0
3.	Other Indirect Costs	\$	0
4.	Fee or Profit	\$	<u>0</u>
	Total Indirect Costs		<u>\$0</u>

TOTAL PROJECT COSTS**\$3,500.00**