

California Utilities Diversity Counsel (CUDC)
Energy Summit June 28, 2010
Remarks of Commissioner Nancy E. Ryan
Overview of Diversity and the New Green Economy

Intro:

- Thank you for inviting me to speak at today's summit.
- As a woman who has worked in the private sector, as an academic in a male-dominated field, as an advocate in the non-profit sector, and as a government official I have seen and experienced the issue of diversity in the workplace in many settings.
- But today we are exploring diversity issues in a new setting – the new green energy economy. The fact that this is a new economy allows us to start anew in many respects.
- Systemic barriers to diversity do not exist in new economies to the extent that they exist in established economies. The vestiges of pernicious established practices are not so high or so solid as to be unbreakable barriers to diversity – yet.

- Our goal must be two fold:
 - One, do not allow “the old boys network” or as Van Jones calls it: Eco-Apartheid to become established in the new green energy economy.
 - And two, the best defense against the Eco-Apartheid — is a strong offense.

- An offense of diverse market actors hungry to harness the creative destruction that is change in the business world. Market actors who give no quarter to those who would practice Eco-Apartheid.

- And what a more perfect environment to have hungry market actors than a new emerging market. Like a fresh field in which to plant crops a new market does not have existing titans of industry that block out the sun and spread root-like tentacle sucking dry the existing nourishment. Oh, such titans may exist in the adjacent fields but they have yet to take over the fresh field.

- So what do we need to do to propagate this new field with diverse businesses?

- One – we need to ensure access to resources. This includes access to:
 - The resource of knowledge through business-to-business mentorships;
 - Capital – the make or break life-force of business; and
 - International connections.
- Two – we need government support without picking winners and losers. This includes:
 - Creating & defining market spaces and market demand;
 - Providing tax breaks & other government financing just as we do with so many other markets; and
 - Creating incentives for companies to meet market demand.
- Three – we need to grow the new green energy economy by using the strengths of diverse businesses. This includes the ability to:
 - Reach markets others have ignored;
 - Use different cultural viewpoints to interpret the needs of the consumer; and

- Be nimble in the marketplace due to smaller business size.

1. Access to resources:

- We need to enable access to the resources of knowledge and experience through business-to-business mentorships.
 - Supporting diverse businesses cannot just be setting up a vendor database. We need a support network that allows businesses to understand and succeed at every step.
 - We need consultation, not just notification, prior to RFPs so that diverse businesses can meaningfully participate.
 - We need business-to-business mentorships, so that a diverse business enterprise can be ready to compete but also be able ask someone with experience what it did wrong when it failed to get a bid or client or a market share.
 - Mentors should alert others of business opportunities, marketing leads, and potential job candidates.
 - Just like the old proverb – each one, teach one – businesses must reach out to each other, even competitors,

and ensure that not every business has to reinvent the wheel – or re-fight the battle for diversity.

- And just as important as a vertical mentorship is a horizontal mentorship. Share what you have learned not only with those “beneath” you but also with those to your left and right.

- We also need to ensure access to capital, which is the lifeblood of businesses, especially new business in new markets.
 - As fellow businesses must become mentors, financiers must become midwives.
 - Access to capital can make or break a company even before it gets a chance to compete.
 - We need to work diligently to diversify the financing space. Not only in terms of who is financed but who does the financing.
 - A more diverse group of investors will advance a more diverse group of capital recipients.
 - California is lucky to have the capital engine of Silicon Valley within its heart and it’s lucky to have a government

that has created incentives to advance the new green energy economy. – However, we need to do more.

- If people can spur development across the globe via micro-leading, then people can take that same creative problem solving skills and apply it to filling financing-holes within the new green energy economy.
- I am sorry to say that limiting access to financing has been a historical means to keep people of color out of the mainstream economy.
- The silver lining to that cloud is that many communities have a strong tradition of self help. We must keep that never-say-die attitude, but ensure that the pernicious reason for that attitude is dead.
- And while that pernicious rationale may be dying in the hearts and minds of men and women, institutions have a way of being slow to change due to sheer inertia.
- I don't have a magic bullet to open capital markets more equitability but that is something that we all need to be aware of and to work on.

- In addition to knowledge and capital, the resource of international connections will be very important in the new green energy economy.
 - And this is one area diverse businesses are unique posed to take advantage of.
 - The new green energy economy is nothing if not international in scope. Of course, we want to see the jobs it creates located here in California but the new economy has its fingers across the globe.
 - Diverse businesses often have the language and cultural skill sets to create and cultivate contacts overseas, and assist others in creating and nurturing those contacts.
 - China, India, Brazil, Latin America - these places and others will be important to our new green energy economy. And those who can establish relationships overseas only strengthen their role in California's new green energy economy.

2. Government Support:

- While access to resources (knowledge, capital, and international connections) is crucial, it is not enough without government support.

- The government can and should play an important role in forming and shaping the market. – However, it must do so without picking winners and losers.
 - In pugilistic market competition we can be the ring and referee but we cannot be the judges.

- Government can create and define the market space & market demand. And the CPUC has a number of tools in the toolbox for this role. We have:
 - The RPS mandate, which drives the urgency of creating the new green energy marketplace. This mandate creates the need the market will move to fill.
 - Distributed generation and storage are new developing markets. In fact, there are already market forces at work in these areas.

- The smart grid and electric vehicles – paradigm shifts, each one of them. The smart grid is opening up a whole new market of business and residential end-user services.
 - The Commission has just voted out a Smart Grid decision - D.10-06-047. I was the assigned Commissioner in this proceeding and our decision will help ensure a successful smart grid deployment.
- As consumers have more control over how they use energy they need devices and services to help them make wise choices. Diverse businesses can be the interface between the consumer and the smart grid.
- And one only needs to look at how different groups have personalized cars to know how the EVs need not be only for the “eco-elite” of the world.
- Perhaps Xzibit will host a *Pimp My EV Ride* show. He already teamed up with Governor Schwarzenegger to do an earth day special converting a car to bio-diesel – why not an EV episode.

- In addition to shaping the market we need government to give it a running start – just as we did for the internet, nuclear power, automakers, railroads, and others.
 - Government continues to give large tax breaks & financing deals to the established actors of the old energy economy.
 - The carbon based energy supply is subsidized in one form or another at almost every level of its operations.
 - From drilling, to shipping, to refining, to transporting – government support is present. And that is not even addressing the societal subsidization of that economy’s negative externalities – like pollution and health care costs.
 - There is no reason why government should not give the same level of attention to the new green energy economy.
 - One key tool the government can use today is to guarantee loans for diverse businesses in the new green energy economy.

- In addition to shaping the market and providing financing aid, the government can create incentives for businesses to meet market demand.
 - Van Jones is correct when he calls for a suite of programs and not just a patchwork of job training and constantly expiring tax breaks.
 - To that end, the CPUC has the California Solar Initiative, the Self-Generation Incentive Program, cogeneration and feed-in tariffs, and we will establish net surplus metering rates by the end of the year.
 - But there is always room for more action, and the CPUC wants to hear from all the stakeholders what we can do to support the new green energy economy.

3. Grow the market with the strengths of diverse businesses

- Having discussed what is needed for diverse businesses to grow in the new green energy economy and governments role in that economy, I want to discuss what I see as some of the real strengths of diverse businesses in this new economy.

- Diverse businesses can reach markets others ignored.
 - Energy use is color and gender blind. We need diverse businesses to reach diverse consumers to ensure that we all capitalize on the new green energy economy. To wean all of us from our addiction to oil.
 - For too long all things environmental have been viewed as the purview of yuppies, hippies, and energy nerds. But we know that energy conservation is more economically important to low-income consumers.
 - We know that they respond to calls of conservation. And we know they want to be part of the Smart Grid's promise of empowerment over our home energy usage.
 - Smart meters need a face to them. A face that is known and trusted in the community.
 - Diverse businesses can be that face; they can be the point of interaction between the customer and the new green energy economy.

- Not only can diverse businesses reach markets others ignored, but they can bring different viewpoints to the table and help interpret the needs of diverse customers.
 - Much of smart grid is customer interaction, thus there is a real need to know the various cultural languages.
 - Not just knowing different languages per se but knowing different cultural points of reference and historical interactions.
 - This can be the difference between a new and happy customer, or a disgruntled and suspicious CPUC complainant.
 - This skill set can also assist other businesses that serve diverse customers.

- Nimble businesses can access resources better in a changing market.
 - Simply put, small is nimble. In a new economy when the market is continually in flux, continually recalibrating and realigning being nimble is a strong asset.

- This is true in all aspect of business. A nimble workforce is key to being able to tackle the latest challenges without a massive round of layoffs.
- A nimble research and development workforce can respond to new inputs quicker that an established system.
 - It can be quicker and more creative in finding engineering solutions since it will have fewer sunk costs in an established line of research.
- A nimble business can respond to new market trends and new customer data more quickly than a larger organization that has to break free its institutional mentality.
- Finally, nimble organizations can fly under the competition's radar father and longer before being detected, thus gaining critical time to be the vanguard of the next market horizon.

Conclusion:

- In closing we have an aggressive agenda to ensure a real and meaningful role of diverse businesses in the new green energy

economy. However, I am happy to say the California is a leader in advancing diversity in the green economy.

- The people of California helped drive the issue of civil rights from the streets to the boardrooms and halls of government. And they did the same for the environmental movement. These two movements go hand in hand.

- We are a state blessed with a diverse and educated workforce. We are also a state with green energy mandate. It will take a diverse market place of ideas to advance the green energy economy.

- As we strive for 33% renewables by 2020. And as we look to make energy efficiency, demand response, distributed generation, and other aspects of the new green economy a cost-saving and profit-generating activity. We need ideas. We need visions. We need hungry entrepreneurs.

- Green energy is about so much more than energy itself. It is about how we use energy and that permeates all aspects of our professional and personal lives.

- It permeates all sectors of our society, and all strata of our population. However you want to slice the pie – energy use is in each piece.

- And since we all want a piece of the pie, what a great marriage of two needs with one solution. Diversity in the new green energy economy is a must.

– Thank you.