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## **Bay Area Council Economic Institute Report Lays Out Path to 21<sup>st</sup> Century Communications, Energy Infrastructure**

*Recommendations call for wholesale modernization of state and local regulations and permitting processes to promote investment in upgrading and expanding critical energy and communications networks*

**SAN FRANCISCO**—California’s infrastructure has allowed some of the world’s most innovative technology companies to thrive here. But for that infrastructure to handle the tsunami of advanced communications and energy technologies that consumers and business are demanding and that state climate change goals require, the need for continued investment is pressing, according to a new report the Bay Area Council Economic Institute released today.

The report – 21<sup>st</sup> Century Infrastructure: Keeping California Connected, Powered and Competitive – finds that California needs new approaches to managing the exploding growth of digital technologies consumers and businesses are demanding and the rapid changes in how the state produces, stores and delivers energy to its 37 million residents.

Download the report at [www.FutureCaEconomy.com](http://www.FutureCaEconomy.com).

“California is riding into the 21<sup>st</sup> Century on the back of the Pony Express,” said Dr. Micah Weinberg, President of the Bay Area Council Economic Institute. “Every day we hear or read about exciting new technologies that have the potential to improve our lives and grow our economy. But these technologies are putting an ever-growing strain on the systems and networks we depend on to move and share data, connect with each other and power our homes and businesses.”

Many of the rules and regulations California has in place today to manage our communications and energy networks were developed decades ago before the mind-boggling proliferation of digital and mobile technologies and before we moved aggressively to find cleaner ways to power our state, the report finds

As a result, companies working to update and expand their communications networks and bring new products to market often encounter roadblocks that force them to delay investment or simply bypass California for other states. The obstacles come in the form of rigid and outdated regulations and inconsistent and overlapping permitting processes. For example, state law requires telecommunications companies to maintain old copper networks that divert investment from expanding superior digital services.

Challenges also exist in California's energy sector for utilities and other companies that are developing clean power sources and adopting new technologies for managing the grid in response to the state's aggressive climate change goals.

Realizing the full value and potential of these technologies will require state and local government to adopt new ways of managing how advanced communications and energy systems are rolled out and integrated.

The report offers a series of recommendations for enabling California to keep pace with the rapid onslaught of new technologies that will require moving, storing and processing massive amounts of data, connecting people with each other through mobile networks and connecting a new generation of digital products and services that communicate with each other and everything else (the Internet of Things). These technologies touch every aspect of our lives, including public safety, healthcare, education, financial services, entertainment, transportation, and resource management.

### **Communications recommendations**

- Allow private-sector use of new and existing public conduits to co-locate communications infrastructure.
- Expedite local review/permitting process by reclassifying communications as public works in municipal codes.
- Allow "blanket" permitting for multiple projects within a municipality.
- Provide greater regulatory clarity with new technology-neutral framework.
- Create a statewide Advanced Networks Task Force to develop new models for enhancing and managing California's communications.

### **Energy recommendations**

- Develop new rate structures to account for distributed energy supplies.
- Embrace new energy storage technologies.
- Promote more robust integration of electric vehicles into the power grid.
- Expand the use of data to manage energy networks.
- Transition to more decentralized model for utility management of energy networks and possibly broader supply of energy services.

The recommendations are informed by the lightning-fast changes taking place in the products, services and methods that consumers and businesses are using to communicate with each other and the world. Consider just a few jaw-dropping statistics included in the report that vividly illustrate the scale and speed at which change in the communications sector is occurring:

- Monthly Internet traffic has increased by a factor of 450,000 since 1995
- Global mobile data grew by 81 percent in 2013, following a 70 percent jump in 2012
- By 2018, there will be 2 billion connected devices, from wearable technologies to industrial sensors
- Global annual cloud storage is projected to increase 300 percent between 2013-2018
- California leads nation in smart energy meter deployment, with 12 million in use
- California electric vehicle sales lead the nation, with 40 percent of total
- 13 percent of California electricity comes from renewable energy, far exceeding 4 percent nationally

"California must adapt or face the alternative," said Jim Wunderman, President and CEO of the Bay Area Council. "This report provides a framework for bringing California's energy and communications networks into the 21<sup>st</sup> Century and ensuring we remain globally competitive."

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**About the Bay Area Council Economic Institute**

*The Bay Area Council Economic Institute is a partnership of business with labor, government, higher education and community leaders that works to support the economic vitality and competitiveness of California and the Bay Area. It produces authoritative analyses on key economic issues in the region and the state, and mobilizes leaders from diverse backgrounds around targeted policy initiatives. A sought-after source of economic perspective, its public-private governance and fact-based approach to economic analysis underpin the Institute's forward-looking thought leadership ([www.bayareaeconomy.org](http://www.bayareaeconomy.org)).*