



# The Cannabis Industry and Energy



*An introduction and policy update:*

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# Cannabis Cultivation in California

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# A diverse community of Cultivators

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We estimate there are between 40 and 60 thousand grows in California. There is a broad range of practices. We organize commercial growers into 3 categories:

**Criminal Growers:** Public Lands;  
Trespass

**Unregulated Growers:** Most growers are unregulated and / or forced into sub-optimal relationships with dispensaries through collective agreements

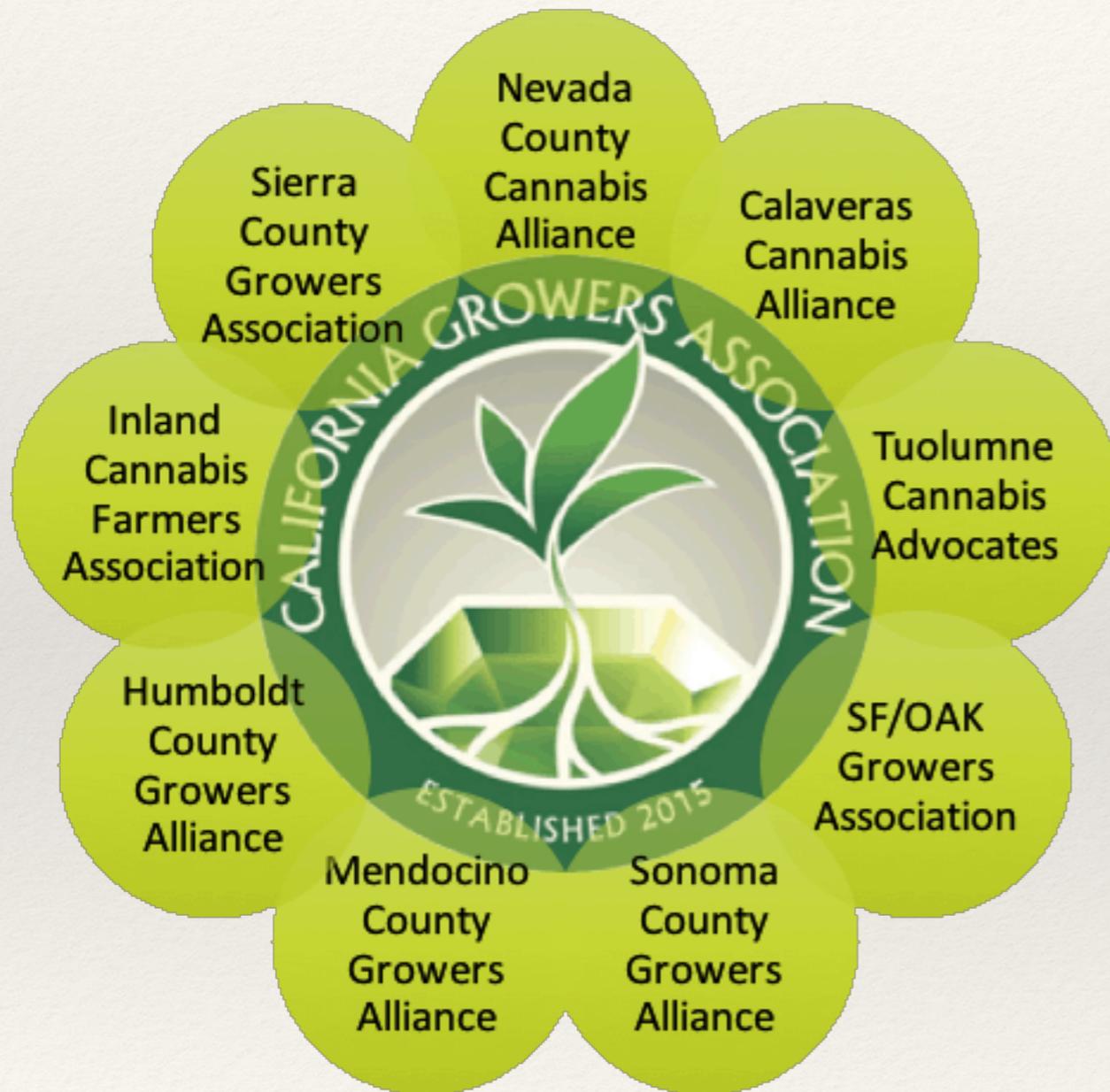
❖ **Regulated Growers:** very few of these.

# A diverse community of Cultivators

- ❖ We estimate there are between 40 and 60 thousand grows in California. There is a broad range of practices.
- ❖ Criminal Growers: Public Lands; Trespass
- ❖ **Unregulated Growers: Most growers are unregulated or forced into sub-optimal relationships with dispensaries through collective agreements**
- ❖ Regulated Growers: very few of these.



# About Cal Growers



- ❖ More than 1100 members statewide.
- ❖ Primarily growers but also manufacturers, testing labs, distributors, delivery services and retailers
- ❖ Focus on cottage, specialty, small and mid-sized businesses

# So. Who are these unregulated growers?

- ❖ California is a global leader in cannabis and has been for generations.
- ❖ A multi-generational heritage of small farms that has been shaped by the legacy of prohibition.
- ❖ A significant and important segment of the marketplace is cottage growers.
- ❖ Wide variety of regions and varieties and significant economic diversity ranging from specialty, small and mid-sized businesses.
- ❖ Mostly owner operators



# A license for every grower.

	Outdoor	Indoor	Mixed-light
Cottage Up to 25 plants	Type 1C	Type 1C	Type 1C
Specialty Up to 1/8 acre	Type 1	Type 1A	Type 1B
Small Up to 1/4 acre	Type 2	Type 2A	Type 2B
Medium Up to 1/2 acre (1 acre for outdoor)	Type 3	Type 3A	Type 3B

# Impacts

	Outdoor	Indoor	Mixed-light
Water Quantity	Longest growing season	Hydroponic is low impact	Depends on growing method
Water Quality	Sedimentation and wastewater mgmt	Stormwater and wastewater mgmt	Stormwater and wastewater mgmt
Energy	Minimal impacts	Significant energy impacts	Reduced impacts
Commercial space and land use	Odor and visibility impacts	Impacts can be mitigated	Impact can be mitigated

# Impacts

	Outdoor	Indoor	Mixed-light
Building code	Minimal	Wiring is a significant concern	Wiring is a significant concern
Security concerns	Visibility and accessibility issues	Easiest to manage	Depends on requirements
Traffic	Minimal	Minimal	Minimal
Workforce	More seasonal work	More consistent employment	More consistent employment

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# Diverse Business Models

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Outdoor

Indoor

Mixed-light

1 harvest cycle

3-6 harvest cycles

2-3 harvest cycles

Lowest overhead

Highest overhead

Overhead depends on  
inputs

Wide range from  
commercial to value  
added

Value added

Wide range from  
commercial to value  
added

# Economic Diversity

Cottage	Owner operator	25 to 50 thousand annual net	Least capitalized and no access to financial services
Specialty Up to 1/8 acre	1 to 3 FTE	50 to 100 thousand annual net	Least capitalized and lowest access to financial services
Small Up to 1/4 acre	3 to 7 FTE	100 to 250 thousand annual net	Better capitalized and nominal access to financial services
Medium Up to 1/2 acre (1 acre for outdoor)	5 to 15 FTE	more than 250 thousand annual net	Best capitalized and increased access to financial services

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# Apples to oranges

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- ❖ California has a very unique marketplace
- ❖ Comparative analysis works better when comparing like units
- ❖ There are few lessons to learn from other states with regard to industry regulations



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# Most of the uncertainty is settled.

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- ❖ The draft regulations were published in April and public comment period has just closed.
- ❖ The budget trailer bill is likely to pass this week and unifies the medical and adult use laws
- ❖ There is still a lot of work to do, but most of the big questions have been answered.

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# A few general conclusions.

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- ❖ Encourage diversity of ownership and opportunity—every community can benefit
- ❖ Indoor may have low impacts but it is the highest overhead and may be impacted by lower prices
- ❖ Consider clustering and QIZ's for moving cottage grows out of neighborhoods
- ❖ Consider a progressive tax rate

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# What can I do to help?

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