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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Josh Becker, Chair  
2025 - 2026 Regular**

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| <b>Bill No:</b>    | SB 787           | <b>Hearing Date:</b> | 4/21/2025 |
| <b>Author:</b>     | McNerney         |                      |           |
| <b>Version:</b>    | 4/8/2025 Amended |                      |           |
| <b>Urgency:</b>    | No               | <b>Fiscal:</b>       | Yes       |
| <b>Consultant:</b> | Sarah Smith      |                      |           |

**SUBJECT:** Energy: equitable clean energy supply chains and industrial policy in California

**DIGEST:** This bill requires specified state agencies, including, but not limited to, the California Energy Commission (CEC), California Public Utilities Commission (CPUC), Department of Water Resources (DWR), and the Governor's Office of Business and Economic Development (GO-Biz) to enter into a memorandum of understanding (MOU) to carry out certain duties to develop equitable clean energy supply chains in California. This bill also establishes the Equitable Clean Energy Supply Chain and Industrial Policy Fund in the State Treasury and requires the CEC to designate a person within the CEC to serve as the Senior Counselor on Industrial Policy and Clean Energy Development.

**ANALYSIS:**

Existing law:

- 1) Establishes the CEC, consisting of five members appointed by the Governor, and specifies the duties of the CEC. Every two years, the Governor must designate a chair and vice chair from the CEC's membership. The CEC must appoint a public adviser every three years to carry out certain public engagement duties. (Public Resources Code §25200 et. seq.)
- 2) Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of these trends. The CEC must establish energy conservation measures, including building and appliance energy efficiency standards, and recommend additional conservation measures to the Governor and the Legislature. (Public Resources Code §25216)
- 3) Establishes the Strategic Reliability Reserve to fund the development of new energy resources that ensure electrical grid reliability and support the state's transition to cleaner energy resources. Existing law requires the CEC to administer the following two programs under the Strategic Reliability Reserve:

- a) The Demand Side Grid Support (DSGS) program, which provides incentives to support customer load reduction and backup generation to support the grid during extreme events.
  - b) Distributed Electricity Backup Assets (DEBA) programs, which incentivizes the deployment of distributed energy resources that can help provide emergency supply or load reduction in response to grid events. (Public Resources Code §25790 et. seq.)
- 4) Requires the CEC to create a strategic plan for developing offshore wind resources, as specified. Existing law also requires the CEC to provide an estimate by June 1, 2022 on the maximum feasible capacity of offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits. This estimate must include megawatt offshore wind planning goals for 2030 and 2045. Existing law establishes criteria the CEC must consider when creating these megawatt goals, including, but not limited to the potential to attract supply-chain manufacturing for offshore wind components in the Pacific region. (Public Resources Code §25991)

This bill:

- 1) Requires the CEC to designate a person within the CEC to serve as the Senior Counselor on Industrial Policy and Clean Energy Development by March 1, 2026. This bill specifies the duties of this Senior Counselor, including, but not limited to, collecting data on workforce and clean energy supply chains, coordinating with stakeholders, serving as a single point of contact for companies siting certain production facilities in California, and convening working groups to consider various policies aimed at encouraging the development of in-state clean energy supply chains.
- 2) Requires the following agencies to enter into a MOU by March 1, 2026 to carry out certain duties to support the development of equitable clean energy supply chains and industrial policy:
  - a) CEC.
  - b) GO-Biz.
  - c) Secretary of Labor.
  - d) CPUC.
  - e) DWR.
  - f) Department of General Services (DGS).
  - g) Office of the Treasurer.

- 3) Requires the MOU to do the following:
  - a) Develop strategies for establishing specific facilities in California to support zero-emission vehicle (ZEV) and battery supply chains, offshore wind industry, building decarbonization and heat pump industries, as specified.
  - b) Provide recommendations on how to maximize the impact of state funds to develop in-state supply chains for segments of the ZEV, battery manufacturing, offshore wind, building decarbonization and heat pump industries.
  - c) Identify segments of certain industries to prioritize in developing supply chains for clean energy resources.
  - d) Evaluate economic development policies needed to increase demand for in-state manufacturing and increase high-quality jobs, as specified. This bill requires agencies to analyze specific policy mechanisms for achieving these goals, including, but not limited to, establishing state stockpiles of critical equipment, various state financing mechanisms, and pension fund investments.
  - e) Identify best practices for coordinating activities related to supply chain development.
  - f) Develop workforce standards, community benefits agreement models, training and hiring programs, productivity enhancement, research and development, and commercialization of certain technology.
- 4) Requires the Senior Counselor on Industrial Policy and Clean Energy Development to report annually on activities undertaken pursuant to the MOU required by this bill. This bill requires the CEC to publish the Senior Counselor's annual report on the CEC's website.
- 5) Establishes the Equitable Clean Energy Supply Chain and Industrial Policy Fund in the State Treasury for the purposes of collecting moneys, including private and nonprofit donations, which may be used to fund this bill. This bill specifies that use of any moneys deposited in this fund shall be contingent upon receipt of a legislative appropriation.

## Background

*Bill is one of several recent measures aimed at growing high-road jobs in the clean energy sector.* In 2017 the Legislature passed AB 398 (E. Garcia, Chapter 135, Statutes of 2017), which extended California's Cap and Trade program; however, the bill also required the California Workforce Development Board (CWDB) to submit a report to the Legislature on strategies to help better address labor challenges associated with the transition to cleaner technologies, fuels, and energy

resources. The CWDB commissioned the Center for Labor Research and Education at the University of California, Berkeley, to help prepare this report pursuant to the bill. The report made a number of recommendations supporting high-quality job development in the clean energy, technology, and transportation sectors; however, the report acknowledged that it lacked the scope to assess needs for workforce development in the manufacturing supply chain for low-carbon energy. It also recommended that the state should identify opportunities to support training and development needed to encourage adoption of emerging technologies that facilitate higher levels of renewable energy integration. The report specifically addressed the potential to plan for workforce needs associated with offshore wind. The report stated: “California already has a number of programs—ranging from ratepayer-funded research and demonstration projects to pilot incentive programs and small-scale procurement mandates—that could generate information about workforce needs. At various points in this process of offshore wind development, the state could carry out workforce analysis and planning.”

Since the publication of CWDB’s report, the Legislature has considered and passed several measures aimed at furthering clean technology supply chains and high-quality jobs associated with those supply chains. The Legislature has also passed several measures aimed at giving the state a larger role in developing emerging clean energy resources. This bill requires various state agencies, including those engaged in developing these new energy resources, to enter into an MOU to develop specified strategies for building clean technology supply chains and associated high-quality jobs. These requirements generally align with recommendations from CWDB’s report.

*Federal policy changes may impact California’s ability to grow clean supply chains and associated jobs.* In addition to requiring states to enter into an MOU, this bill also establishes a fund to collect moneys to support the implementation of strategies to create clean energy supply chains and associated jobs. While this bill enables this fund to collect funding from a variety of sources, it specifically authorizes the fund to accept federal funds authorized for the purposes of developing clean technology and energy supply chains. Other funding sources may be available for this bill’s purpose; however, federal grants and direct tax benefits are the largest potential source of funding for clean technology supply chain development. Changes to the rules and availability of these grants and tax credits may limit the amount of monies available for this bill’s Equitable Clean Energy Supply Chain and Industrial Policy Fund.

California has taken a number of steps aimed at developing more domestic resources to support the development of clean technology supply chains in-state; however, is unlikely that all the resources for these supply chains can be developed

entirely within the state or within the United States. The Biden Administration sought to leverage a variety of grants and tax incentives to develop more domestic raw materials and components for clean technology in the United States through the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA). These measures also included requirements aimed at leveraging grants and tax benefits to create high-quality jobs in the manufacturing and deployment of clean technology and infrastructure. While states have made progress in drawing down funds from the IIJA and IRA, the status of many of these funds are unclear since the Trump Administration announced rollbacks of many grants and rules supporting the tax credits. In addition to the potential loss of these funds, recently imposed tariffs may increase costs for goods and services that are necessary to develop and deploy clean energy and transportation resources.

*Need for Amendments.* This bill specifies the parties that must enter into the MOU required by this bill. As currently written, the “Secretary of Labor” is the only cabinet-level appointee specifically required to enter into the MOU. This does not appear to be the author’s intent. *As a result, the author and committee may wish to amend this bill to replace the Secretary of Labor with the Labor and Workforce Development Agency as a party to the MOU.* Additionally, this bill requires the MOU to include strategies to create union manufacturing and installation jobs for workers from disadvantaged and tribal communities. However, it is unclear how the CEC will presume the collective bargaining status or union representation for jobs and facilities that may not yet exist or why the MOU would address union representation solely for workers from these communities. *As a result, the author and committee may wish to remove the reference to “union” jobs and instead retain strategies for creating high-quality jobs for workers from these communities.*

### **Prior/Related Legislation**

SB 322 (Becker) of 2023, would have established requirements for the CEC’s administration of the ZEV Battery Manufacturing Block Grant program aimed at encouraging high-road jobs. Specifically, the bill would have established eligibility, scoring, labor, and reporting criteria for the program. The bill died in the Assembly Appropriations Committee.

AB 205 (Committee on Budget, Chapter 61, Statutes of 2022) among other provisions, established the Strategic Reliability Reserve and required the CEC to administer the DSGS and DEBA programs to incentivize certain demand-side resources to support electrical grid reliability.

AB 525 (Chiu, Chapter 231, Statutes of 2021) required the CEC to create a strategic plan for the development of offshore wind resources and set megawatt planning goals for those resources, as specified.

SB 589 (Hueso, Chapter 732, Statutes of 2021) expanded the types of projects eligible for funding from the CTP to include projects that develop in-state supply chains and the workforce for raw materials and components needed for ZEV manufacturing. The bill also expanded the groups the CEC must consult as part of CTP workforce development efforts.

AB 398 (E. Garcia, Chapter 135, Statutes of 2017) among other provisions extending the Cap and Trade program, required the CWDB submit a report to the Legislature on strategies to help industries, workers, and communities with the transition to cleaner fuels, technologies, and energy resources that support the state's greenhouse gas reduction goals.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

**SUPPORT:**

International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America, Region 6 (Sponsor)

BlueGreen Alliance

Brightline Defense

Cal EPIC

California Environmental Voters

California Federation of Teachers AFL-CIO

California Federation of Labor Unions

California Forward

California Green New Deal Coalition

California State Association of Electrical Workers

California State Pipe Trades Council

Central Coast Alliance United for a Sustainable Economy

Central Coast Labor Council

Ceres, Inc.

Comite Civico Del Valle, Inc.

E2-Environmental Entrepreneurs

Earthworks

Environmental Protection Information Center

EOPA Code Blue

Greenpeace USA

Imperial Valley Equity and Justice Coalition

Jobs to Move America  
Move California  
Natural Resources Defense Council  
Port of Long Beach  
Public Citizen  
Rising Sun Center for Opportunity  
Ryvid, INC.  
SEIU California  
Sierra Club California  
SMART, Sheet Metal Workers' Local Union 104  
SPUR  
State Building and Construction Trades Council  
Sylvatex, Inc.  
Union of Concerned Scientists  
United Steelworkers District 12  
US Green Building Council, California  
Western States Council Sheet Metal, Air, Rail and Transportation

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

California has ambitious goals for building a green economy that accelerates affordable clean energy growth and provides quality jobs for its citizens. The state has made tremendous progress in clean energy innovation and installation. However, the state lacks a comprehensive, all-of-government approach to building out the clean energy supply chain and related workforce, especially in the growing industries of energy storage, building decarbonization technologies, and offshore wind. SB 787 formalizes partnerships between state agencies, labor, environmental organizations, clean energy industries, and other relevant sectors to coordinate CA's supply chain development for these key industries. SB 787 will help the state meet our ambitious clean energy goals while also creating strong family-supporting manufacturing jobs, and advancing economic development goals across every region of the state.

**-- END --**