

Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 787 (McNerney) – As Amended June 26, 2025

SENATE VOTE: 28-10

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

SUMMARY: Requires 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 specified duties to develop equitable clean energy supply chains in California by March 1, 2026. Specifically, **this bill:**

- 1) 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 purposes of this bill.
- 2) 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 who shall do all of the following:
 - a) Collect data relevant to the development of the strategic industries, including firm and consumer costs, prices, and technological development pathway data, industrial economic analyses, technology deployment rates, and workforce development needs, and publish the information on a publicly accessible, commission-approved internet website;
 - b) Coordinate firms, industry associations, technical assistance providers, and labor unions in relevant industries, including, but not limited to, original equipment manufacturers, suppliers, installers, and distribution networks, to develop a clean energy and decarbonization production and deployment ecosystem, and to identify priority industry segments for development to achieve vertically and horizontally integrated in-state industry growth;
 - c) Serve as a single point of contact, in partnership with the GO-Biz and the Office of Land Use and Climate Innovation, for companies siting, expanding or retaining certain production facilities in California and compile and offer streamlined information about financial and site selection assistance, workforce development and apprenticeship resources, and other supportive state, local, and nonprofit services for those companies;
 - d) Convene at least two public meetings per year at which state agencies discuss their ongoing and planned work in the strategic industries, and public comments and recommendations are solicited regarding how state agencies can most effectively facilitate the accelerated deployment of clean energy technologies the reduction of prices for California ratepayers, and the creation of high road jobs in strategic industries;
 - e) Convene working groups focused on specific issues, including home batteries, vehicle batteries, grid-scale batteries, battery recycling, offshore wind, and building decarbonization. These working groups may include, at the senior counselor's discretion, representatives of state agencies, labor, private firms, environmental protection advocates, environmental justice groups, tribal communities, and other experts and

- stakeholders, as appropriate. The working groups shall identify and evaluate potential statutory administrative, programmatic, and regulatory changes to accelerate the in-state growth of the relevant supply chains, accelerate the deployment of clean energy technology, increase the availability of high road jobs, and lower prices for low-income Californians, and promote environmental justice, including responsible materials sourcing, processing, repair, reuse, and recycling; and,
- f) Report annually on activities undertaken pursuant to the MOU required by this bill and requires the CEC to this report on the CEC's website.
- 3) Requires the following agencies to enter into a MOU by March 1, 2026 to support the development of equitable clean energy supply chains and industrial policy:
 - a) CEC;
 - b) GO-Biz;
 - c) Labor and Workforce Development Agency;
 - d) CPUC;
 - e) DWR;
 - f) Department of General Services (DGS); and,
 - g) Office of the Treasurer.
 - 4) Requires the MOU to work towards the following goals:
 - a) Building integrated industrial bases in California to support the zero-emission vehicle and battery supply chain industries, offshore wind and offshore wind component industries, and building decarbonization and heat pump industries through industrial planning, public investment, procurement, and subsidization;
 - b) Accelerating deployment of battery, heat pump, and offshore wind technologies at scale;
 - c) Creating high road jobs in the manufacturing, installation, and construction industries for California workers in the battery, heat pump, and offshore wind supply chains;
 - d) Creating pathways to high road jobs for workers from disadvantaged and Native American communities in California through apprenticeship programs, preapprenticeship programs, and joint labor-management training programs;
 - e) Ensuring environmental justice in the build out of listed supply chains; and,
 - f) Reducing the cost of electricity, energy products, and energy services for public purchasers and all Californians, but especially low-income customers, disadvantaged communities, and tribal communities.
 - 5) Defines "strategic industries" as offshore wind, battery, and building decarbonization and heat pump industries.

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 (PRC) 25200)
- 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. (PRC 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; and,
 - 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. (PRC 25790)
- 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. (PRC 25991)

FISCAL EFFECT: According to the Senate Appropriations Committee, "The CEC estimates ongoing costs of about \$1.1 million (Energy Resources Program Account [ERPA] or other fund) for two positions and contract support to implement the provisions of this bill. Unknown but likely significant ongoing costs (various funds) for other state agencies including, but not limited to, 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 the MOU."

COMMENTS: *GHG reduction goals.* The Legislature has set a number of goals to reduce GHG emissions and address climate change. The Global Warming Solutions Act of 2006, AB 32 (Nuñez), Chapter 488, Statutes of 2006 and subsequent companion legislation SB 32 (Pavley), Chapter 249, Statutes of 2016, requires California to reduce statewide GHG emissions to 40% below the 1990 level by 2030. AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022 establishes the policy of the state to achieve carbon neutrality as soon as possible, but no later than 2045. CARB is responsible for developing a Scoping Plan to detail how the state will achieve its GHG emissions reduction targets mandated by law.

High road jobs. In 2017 the Legislature passed AB 398 (E. Garcia, Chapter 135, Statutes of 2017), which extended California's Cap and Trade program. AB 398 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 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 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 government headwinds. In addition to requiring states to enter into an MOU, this bill establishes a fund to collect moneys from a variety of sources to support the implementation of strategies to create clean energy supply chains and associated jobs. 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 ultimately available for this bill’s Equitable Clean Energy Supply Chain and Industrial Policy Fund.

California has taken a number of steps to develop domestic resources to support the development of clean technology supply chains in-state. It 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 of goods and services that are necessary to develop and deploy clean energy and transportation resources.

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 batteries and 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 goals for these key industries. SB 787 will help the state meet our ambitious clean energy goals affordably for working families while also creating strong family-supporting manufacturing jobs, and advancing economic development goals across every region of the state.”

Arguments in support. Advanced Energy United writes, “SB 787 takes aim at a key missing piece in the state’s clean energy leadership: a coordinated industrial strategy to support domestic supply chains for high-impact technologies like batteries, heat pumps, and offshore wind. While California leads in policy ambition and clean energy demand, we lag in the integrated, state-led efforts needed to build domestic manufacturing ecosystems that can serve that demand. Without decisive coordination, we risk outsourcing the jobs, innovation, and supply chain security associated with the clean energy economy.

The timing is critical. As federal policy headwinds and market disruptions threaten to slow domestic clean energy manufacturing in other parts of the country, California has a chance to step up and say: We are open for clean energy manufacturing. SB 787 sends that signal by creating a central hub to coordinate across agencies and industry, support siting and permitting, and lower costs through innovative market-shaping tools like strategic procurement, financing mechanisms, and public-private partnerships.”

Double referral. This bill is double referred to the Assembly Committee on Utilities and Energy where it will be heard on matters under their jurisdiction.

Previous and 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.

REGISTERED SUPPORT / OPPOSITION:**Support**

Active San Gabriel Valley
Advanced Energy United
Bluegreen Alliance
Brightline Defense
Cal Epic
California Environmental Voters
California Federation of Teachers
California Forward
California Green New Deal Coalition
California Labor Federation, AFL-CIO
California Labor for Climate Jobs
California State Association of Electrical Workers
California State Council of the Service Employees International Union
California State Pipe Trades Council
Calstart
Caps, UAW Local 1115
Central Coast Alliance United for a Sustainable Economy
Central Coast Labor Council
Comite Civico Del Valle
E2
Earthworks
EOPA Code Blue
Environmental Protection Information Center
Gaia
Global Witness
Greenpeace USA
Imperial Valley Equity & Justice Coalition
Industrious Labs
Jobs to Move America
Mighty Earth
Move California
NRDC
Plug in America
Port of Long Beach
Public Citizen
Rising Sun Center for Opportunity
Ryvid
Sheet Metal Workers' Local Union No. 104 (SMART)
Sierra Club California
Spur
Sylvatex
UAW Region 6
Union of Concerned Scientists
United Steelworkers District 12
USGBC California

Western States Council Sheet Metal, Air, Rail and Transportation
Working Partnerships USA

Opposition

None on file

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