

Date of Hearing: March 30, 2022

ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT

Ash Kalra, Chair

AB 2204 (Boerner Horvath) – As Introduced February 15, 2022

**SUBJECT:** Clean energy: Office of Clean Energy Workforce

**SUMMARY:** Establishes the Office of Clean Energy Workforce (OCEW) within the Labor and Workforce Development Agency (LWDA), until December 31, 2045, to coordinate with relevant state agencies to track the progress of the state moving toward one-hundred percent (100%) clean energy, create or coordinate programs with other state agencies to retrain and upskill workers for clean energy jobs, and plan and support the physical relocation of the fossil fuel-based workforce to other areas of the state with existing or new clean energy jobs. Specifically, **this bill:**

- 1) Finds and declares, among other things, that despite the state’s greenhouse gas reduction achievements, California lacks a robust workforce development strategy to shift to a clean energy economy and transition to a zero-emissions future.
- 2) Defines “clean energy” as renewable energy resources and zero-carbon resources, as specified.
- 3) Provides that an executive director shall be appointed by the Governor, with the consent of the Senate to oversee the OCEW.
- 4) Requires the OCEW to coordinate with relevant state agencies, as specified, to do the following:
  - a) To the extent possible, identify the timing and location of fossil fuel facility closures and workforce transition needs, including projected impacts on workers, businesses, and communities.
  - b) Establish timelines for workers to transition from fossil fuel-based jobs to clean energy jobs.
  - c) Track clean energy jobs and projects and the transition of workers from fossil fuel-based jobs to clean energy jobs.
- 5) Requires the OCEW to create or coordinate programs with other state agencies, as specified, to retrain and upskill workers for clean energy jobs, by doing all of the following:
  - a) Identify training needs and gaps in current state programs.
  - b) Determine what skills will be needed in the state’s clean energy workforce over the next 25 years.
  - c) Establish ways to address the cost differential in workers’ compensation between fossil fuel-based jobs and clean energy jobs.
- 6) Requires the OCEW, in coordination with relevant labor unions and industry employers, to do the following:

- a) Determine standards and address early retirement support for workers who will not transition to clean energy jobs, including, but not limited to, buyouts and severance packages.
  - b) Address pension funding issues in cases where shortfalls exist that would hinder the retirement of fossil fuel workers.
- 7) Requires the OCEW on or before January 1, 2024, and annually thereafter, to submit a report to the Legislature on the transition and the OCEW's progress, and make recommendations that address any findings.
- 8) Establishes the Clean Energy Workforce Board (Board) within LWDA to direct and oversee the OCEW and requires the Board to do the following:
- a) Set the policy priorities for the OCEW and direct the work of the executive director.
  - b) Upon appropriation by the Legislature, approve and allocate funds for the administration of the OCEW and for the execution of the OCEW's duties, as specified.
  - c) Seek funding opportunities and grants in addition to state funding to support the work of the OCEW.
  - d) Coordinate with other state agencies and other entities on common goals.
- 9) Provides that members of the Board shall be appointed, to serve a term of four years, as follows:
- a) One member shall be the head of the Public Utilities Commission or their designee.
  - b) One member shall be the head of the Energy Commission or their designee.
  - c) One member shall be the head of the Labor and Workforce Development Agency or their designee.
  - d) One member shall be a representative of the state's pension organizations, to be appointed by the Governor.
  - e) Two members shall be representatives of labor organizations, to be appointed by the Speaker of the Assembly.
  - f) One member shall be a representative of the clean energy industry, to be appointed by the Senate Committee on Rules.

**EXISTING LAW:**

- 1) Establishes the LWDA to serve California workers and businesses by improving access to employment and training programs, enforcing California labor laws to protect workers and create an even playing field for employers, and administering benefits that include workers' compensation, unemployment insurance, and disability insurance and paid family leave.

- 2) Requires the State Air Resources Board (ARB) to determine the 1990 statewide greenhouse gas (GHG) emissions level and approve a statewide GHG emissions limit that is equivalent to that level, to be achieved by 2020, and to adopt GHG emissions reductions measures by regulation.
- 3) Requires ARB to ensure that that statewide GHG emissions are reduced by forty percent (40%) below the 1990 level by 2030.
- 4) Establishes the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50% by 2030 to 60%, and creates the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy.
- 5) Establishes the Greenhouse Gas Reduction Fund (GGRF) and requires all moneys, except for fines and penalties, collected by ARB from the auction or sale of allowances pursuant to a market-based compliance mechanism to be deposited in the GGRF and available for appropriation by the Legislature.
- 6) Establishes the California Jobs Plan Act of 2021, which requires ARB to work with the LWDA to update, by July 1, 2025, the funding guidelines for administering agencies to ensure that all applicants to grant programs funded by the GGRF meet fair and responsible employer standards and provide inclusive procurement policies.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Note: This bill is double referred to the Assembly Utilities and Energy Committee upon passage out of this Committee.

A recent report by the UC Berkeley Center for Labor Research and Education found that worker displacement often occurs in resource intensive regions that lack overall economic diversity, when the region's major industry is in decline or is projected to be due to the resource itself running out, or more broadly due to global trends in automation, globalization, and climate change.<sup>1</sup> Just transition programs can offer resources for both immediate short-term assistance to workers and communities directly affected by these trends, and long-term assistance to communities and workers as they retool and adapt to a carbon-neutral economy.<sup>2</sup>

California's oil and gas jobs currently offer significant compensation and benefits, providing workers in these jobs with security for themselves and their families. As California moves to meet its existing climate commitments—to cut greenhouse gas emissions by 50% by 2030 and to reach net zero emissions by 2045—the oil and gas industries will contract, and it is critical to invest in a strong, ongoing relief program to take care of displaced workers, their families and their communities.<sup>3</sup>

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<sup>1</sup> Zabin, Carol. *Putting California on the High Road: A Jobs and Climate Action Plan for 2030*. University of California, Berkeley Center for Labor Research and Education, June 2020.

<sup>2</sup> Ibid.

<sup>3</sup> Pollin, Robert. *A Program for Economic Recovery and Clean Energy Transition in California*. Department of Economics and Political Economy Research Institute (PERI), June 2021.

According to a recent report by the Political Economy Research Institute (PERI) there are nearly 113,000 people employed in the fossil fuel-based industries in California, amounting to 0.6% of the state's workforce in 2019.<sup>4</sup> The total job figure includes oil and gas extraction operations, as well as support activities for all oil and gas projects, and other ancillary sectors, such as fossil fuel-based power generation. The PERI report estimates that about 3,200 workers per year will be displaced in these industries in California between 2021 and 2030 while another roughly 2,500 will voluntarily retire each year.<sup>5</sup>

According to the author, "With California facing the increasing impacts of the climate crisis, [this bill] keeps California leading on moving away from fossil fuel dependence and to a carbon-neutral future by creating the Office of Clean Energy Workforce. The Office [OCEW] and its Board will ensure the transparency and accountability that renewable projects are being built, the workforce is prepared, and that we will, in fact, be able to meet our ambitious climate goals."

### **Governor's Proposed Budget 2022-23**

The Governor's proposed budget for 2022-23 released in January, calls for a \$15 million on-time appropriation to the general fund to support a workforce training pilot to train displaced oil and gas workers in remediating legacy oil infrastructure. The proposed budget also calls for a one-time appropriation of \$50 million to the general fund for a pilot support fund to address the needs of oil and gas workers facing displacement. Additionally, the proposed budget calls for \$60 million dollars over three years to be placed in the general fund to restart the California Workforce Development's Low Carbon Economy Workforce grant program.

### **Prior and Related Legislation**

AB 1966 (Muratsuchi) of 2022 would establish the California Equitable Just Transition Fund to assist fossil fuel-dependent workers with wage replacement, wage insurance, pension guarantees, health care, retraining, peer counseling, and relocation support for fossil fuel workers who face layoffs due to closure of operations. This bill is pending referral in the Assembly Rules Committee.

AB 680 (Burke) Chapter 746, Statutes of 2021 established the California Jobs Plan Act of 2021 which requires ARB to work with the LWDA to update, by July 1, 2025, the funding guidelines for administering agencies to ensure that all applicants to grant programs funded by the Greenhouse Gas Reduction Fund (GGRF) meet fair and responsible employer standards and provide inclusive procurement policies.

AB 1453 (Muratsuchi) of 2021 would have established the Just Transition Advisory Commission (Commission) in the LWDA until January 1, 2028 and would require the Commission to adopt and submit to the Legislature, by January 1, 2024, a Just Transition Plan that contains recommendations to transition the state's economy to a climate-resilient and low-carbon economy. This bill was held in the Assembly Appropriations Committee.

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<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

AB 398 (E. Garcia) Chapter 135, Statutes of 2017 requires the California Workforce Development Board (CWDB) to publish a report outlining recommendations on workforce development and training to help communities adapt to the economic and labor-market changes resulting from California's transition to a carbon neutral economy.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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