
VETO

Bill No: SB 787
Author: McNerney (D), et al.
Enrolled: 9/18/25
Vote: 27

SENATE ENERGY, U. & C. COMMITTEE: 14-2, 4/21/25

AYES: Becker, Allen, Archuleta, Arreguín, Ashby, Caballero, Gonzalez, Grayson, Limón, McNerney, Rubio, Stern, Strickland, Wahab

NOES: Ochoa Bogh, Dahle

NO VOTE RECORDED: Grove

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto

NO VOTE RECORDED: Dahle

SENATE FLOOR: 28-10, 6/2/25

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

NO VOTE RECORDED: Hurtado, Reyes

SENATE FLOOR: 29-8, 9/13/25

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NOES: Alvarado-Gil, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland

NO VOTE RECORDED: Choi, Gonzalez, Valladares

ASSEMBLY FLOOR: 64-10, 9/12/25 - See last page for vote

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

SOURCE: International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America, Region 6

DIGEST: This bill (1) requires specified state agencies, including, but not limited to, the California Energy Commission (CEC), California Public Utilities Commission (CPUC), 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 (2) 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 or an external candidate 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 (OSW) resources, as specified. Existing law also requires the CEC to provide an estimate, by June 1, 2022, on the maximum feasible capacity of OSW to achieve reliability, ratepayer, employment, and decarbonization benefits. This estimate must include megawatt OSW 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 OSW components in the Pacific region. (Public Resources Code §25991)

This bill:

- 1) Requires the CEC to designate a person within the CEC or an external candidate to serve as the Senior Counselor on Industrial Policy and Clean Energy Development by March 1, 2027. 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, 2027, to carry out certain duties 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) Department of General Services (DGS).
 - f) 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, OSW 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, OSW, building decarbonization and heat pump industries.
 - c) Identify best practices for coordinating activities related to supply chain development and integration of workforce standards, community benefits agreement models, and training and hiring programs into the state awarding processes.
 - d) Identify certain research needs, which may include supply chain reviews, workforce needs assessments, and economic and environmental impact modeling.
- 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 OSW. 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 OSW 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.

Related/Prior 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) established, among other provisions, 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 OSW 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

According to the Assembly Appropriations Committee:

- 1) This bill will entail significant new administrative work for CEC to establish the senior counselor position and support administration of the senior counselor's efforts to accelerate deployment of clean energy technologies. Costs to CEC will likely be in the low hundreds of thousands of dollars, onetime, to establish the position, and in the mid hundreds of thousands of dollars annually ongoing, which includes the senior counselor's salary and related costs (Energy Resources Programs Account (ERPA)).

CEC describes the work this bill asks of it as "a very large workload" and "on a very tight timeline." CEC estimates costs to implement all aspects of the bill at approximately \$1.1 million: two positions at an annual cost of approximately \$212,000 each, and \$750,000 for a contract with outside consultants. CEC notes the ongoing structural deficit within ERPA and advises it "may not be an appropriate fund source to support the implementation of this bill."

- 2) For each of the agencies the bill tasks with entering into an MOU on equitable clean energy supply chains and industrial policy, the bill will create onetime legal and administrative work to develop the MOU. Cost for each agency will likely range from the tens of thousands of dollars to low hundreds of thousands of dollars. For example, the Workforce Development Board estimates costs of at least \$256,000.
- 3) The CPUC provides a cost estimate of \$900,000 (Public Utilities Commission Utilities Reimbursement Account) to support the training objectives of the bill by supplementing its student internship opportunities. The other agencies this bill directs to enter into the MOU may face similar cost of a greater or lesser amount, though none provided an estimate of costs to this committee by the time this analysis was prepared.
- 4) Cost pressure of an unknown but significant amount, likely in the tens of millions to hundreds of millions of dollars, to fund eligible expenses from the Equitable Clean Energy Supply Chain and Industrial Policy Fund (General Fund, special funds and bond funds).

SUPPORT: (Verified 10/13/25)

International Union, United Automobile, Aerospace, and Agricultural Implement

Workers of America, Region 6 (Source)
350 Bay Area Action
Active San Gabriel Valley
Advanced Energy United
Alameda County Democratic Party
American Clean Power-California
BlueGreen Alliance
Brightline Defense
Cal EPIC
California Association of Professional Scientists Local 1115
California Democratic Party
California Electric Transportation Coalition
California Environmental Voters
California Federation of Teachers, AFL-CIO
California Federation of Labor Unions
California Forward
California Green New Deal Coalition
California Labor for Climate Jobs
California State Association of Electrical Workers
California State Pipe Trades Council
CalStart
Central Coast Alliance United for a Sustainable Economy
Central Coast Labor Council
Ceres, Inc.
CleanEarth4Kids.org
Comite Civico Del Valle, Inc.
County of San Mateo
County of Santa Clara
E2-Environmental Entrepreneurs
Earthworks
Environmental Protection Information Center
EOPA Code Blue
Green Policy Initiative
Greenpeace USA
Imperial Valley Equity and Justice Coalition
Industrious Labs
Jobs to Move America
Mighty Earth
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 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
Working Partnerships USA

OPPOSITION: (Verified 10/13/25)

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.

GOVERNOR'S VETO MESSAGE:

This bill would require the California Energy Commission (CEC) to designate a person to serve as the Senior Counselor on Industrial Policy and Clean Energy Development in order to convene working groups focused on specific issues,

including batteries, offshore wind, building decarbonization, workforce development, heat pumps, and affordability. This bill would also require the CEC to enter into a Memorandum of Understanding (MOU) with various agencies on equitable clean energy supply chains and require the Senior Counselor to present an annual report to the CEC, presenting findings and recommendations on strategies and activities undertaken pursuant to the MOU.

Transitioning to a low-carbon, clean energy economy requires active coordination and collaboration among multiple state agencies to effectively implement key policies that shape and influence this transition. This is why there is deliberate and constant engagement among all state agencies involved in this transition, through collaborative decision-making and interagency working groups, among other joint efforts.

While laudable, this bill would create a position whose responsibilities would duplicate, conflict with, and overlap existing positions and coordinating structures throughout my Administration. The role of creating robust supply chains, enabling the deployment of clean energy and low-carbon, advanced technologies, and developing the 21st-century workforce to support these efforts is not reserved for one position alone. It requires the whole of state government and dozens of dedicated public servants to implement. For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 64-10, 9/12/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio, Dixon, Ellis, Gallagher, Hadwick, Johnson, Macedo, Sanchez, Tangipa, Wallis

NO VOTE RECORDED: Castillo, Flora, Hoover, Lackey, Patterson, Ta

Prepared by: Sarah Smith / E., U. & C. / (916) 651-4107
10/15/25 14:16:54

**** END ****