

State Building and Construction Trades Council of California

ANDREW MEREDITH
PRESIDENT

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J. TOM BACA
SECRETARY-TREASURER

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Anti-Worker Climate Change Proposal Memo – STRONG OPPOSE UNTIL WORKFORCE IMPACTS CONSIDERED

TO: Members of the California Legislature
FROM: Andrew Meredith
President, State Building and Construction Trades Council of California

With three weeks left in the 2022 Legislative Session, the Administration unveiled several end-of-session climate change proposals in a memo this week that would lead to the elimination of thousands of high-wage industrial union jobs in some of California's most disadvantaged and underserved communities. Unfortunately, many of these proposals will result in the continued outsourcing of manufacturing, energy, and resource production to other parts of the world. Sadly, these proposals also come before many new and exciting forms of energy production are built out in a manner that would protect California from falling further into a power crisis. The Administration certainly has reason to consider ways to address the climate crisis seriously and aggressively. However, at present, California is also dealing with a water crisis, an affordability crisis, and, as the state begins its descent into a recession that is already being felt by our members, a jobs crisis. We contend that these issues also need to be dealt with in a comprehensive manner that avoids personal politics and balances the needs of all stakeholders.

If enacted, several of the policies outlined in the memo would lead to the importing of even more resources and energy from parts of the world that do not share our environmental, labor, or human rights values. These policies would also increase our demand on resource production from environmentally sensitive areas like the rainforests of the Amazon, as well as create an economic dependency on hostile jurisdictions that will result in increased costs and instability for working families in California. Additionally, science and statistics show us that this type of dependence will only magnify our climate crisis by driving up ship emissions, destroying globally significant environmental areas, and moving production away from our state's world-leading air and environmental quality standards.

Most germane to our mission, though, is that these policies will devastate the tens of thousands of our members who rely on industrial jobs in the manufacturing, resource, and energy production sectors to provide a middle-class life for their families, something difficult for most Californians to do who lack a college education. As legislators are aware, our affiliated unions in communities across the state provide a barrier-free pathway to the middle class. In the industrial sectors, many of these jobs were second chance opportunities for countless Californians. Our organization cannot emphasize enough how these policies will negatively impact tens of thousands of families throughout the state. Additionally, these policies will do nothing to decrease our dependence on oil and gas, will weaken our energy portfolio, and will dramatically drive-up ship traffic and emissions in our already strained ports.

Below are our positions on some of the specific proposals:

Increase California's 2030 GHG Emissions Goals

While necessary and much needed to meet the climate crisis, our state's existing GHG reduction goals are already ambitious to the point where meeting them is proving unlikely, as has been pointed out repeatedly by this Administration's own agencies. Speeding up this process without having sufficient clean base-load power online will only exacerbate the weaknesses of our existing power grid, risking a Texas-sized disaster and, potentially, the lives of countless vulnerable Californians.¹ Just last year, at the Governor's request, the Building Trades brought five previously and prematurely decommissioned gas-fired power plants back online to ensure that vulnerable Californians could keep the lights on. Policies that serve to increase the burdens on our already struggling power grid without simultaneously creating new forms of production pose an enormous economic, workforce, and health and human safety risk to every family in California. Prematurely increasing goals will require equally premature reliance on electrification, pricing out working families who cannot afford a new sixty-thousand-dollar EV or their electric bill, for that matter. California will be at the whim of other states to produce our power, including states that rely on production from fuels that California prohibits, like coal, and will hurt the tens of thousands of our members who go to work every day to generate and distribute the in-state power that keeps our state operational.

We are well on our way to meeting the climate crisis in California. The Building Trades started this years ago by training our apprentices in cutting-edge technologies to implement aggressive solar and wind production. We fought for every entitlement to bring utility-scale renewables to the grid and did so both to meet the climate crisis and also to put our hard-working members to work. Premature policies that come as a result of a political dispute will put actual people at risk. Massive job losses and sharply escalating living costs will eviscerate working people as their disparity will lead to the hopelessness that ruins lives. We all share the responsibility to uphold a social contract in California to care for our neighbors and our environment, and we are capable of doing both. We cannot, however, do both when 'politics versus policy' controls the conversation.

We urge you to look beyond false choices of either protecting the environment or protecting good jobs. As President Biden is showing us in Washington, we can and must find effective ways to do both. We need to set aside any personal feelings about an industry and focus on serving the people of California and their right to good jobs, safe communities, reliable basic utilities, and an affordable existence.

Oil Extraction Setback

The proposal to enact a 3,200-foot oil extraction setback requirement is similar to an idea that the California State Senate already stopped two years ago. That proposal, just like this one, preempts the ongoing regulatory process called for by this same Administration to enact rules for health and safety around oil and gas extraction facilities. The regulatory process established by the Administration is not only specifically considering setbacks, but also other potential protective measures. Even though the Building Trades only represents workers at a single oil extractor in California it is an active and beneficial partnership with California Resources Corporation that has been in place for over a decade. We have consistently opposed unreasonable setback proposals because of several factors.

For one, as illustrated in previous comments, we fundamentally believe we can produce and extract resources in California in a cleaner and more environmentally conscious manner than anywhere else in the world. Outsourcing production and extraction only dirties the process and avoids California's strict air, environmental, and labor standards. Additionally, the closer we come to ending resource production in

¹ Bloomberg. "California Expects Power Supply Shortfall to Worsen in 2022"

<https://www.bloomberg.com/news/articles/2021-08-11/california-expects-power-supply-shortfall-to-worsen-in-2022>

California, the closer we come to seeing final refining and processing of these resources leave our state as well, likely decades before demand for these commodities cease. That means massive job losses in a vastly unionized sector of California's economy, shifting the jobs to other parts of the country or the world. While this would likely be celebrated by environmental activists around the state, California would soon become dependent on resources produced and extracted in places like the Amazon rainforest, Russia, and Saudi Arabia and refined in places that offer the cheapest means to build and staff refineries.

Secondly, according to the Assembly Appropriations Committee, in considering this issue the last time in AB 345, this proposal could cost up to \$4 billion in lost state revenue and subjects the state to significant legal liability under the "takings" clause of the U.S. Constitution. Furthermore, a study conducted by the City of Los Angeles estimated the potential cost of establishing a future setback distance could be as high as \$97.6 billion in compensation for the future value of mineral rights owed from takings litigation. Imagine the optics of the State of California handing over billions of dollars to fossil-fuel and mineral corporations to be used to expand operations in places like the Amazon rainforest. This would be especially difficult for Californians to swallow at a time when the state is beginning its descent into a recession and when the rate of inflation is at its highest in more than four decades.

Third, the Administration's existing regulatory proceeding is an inclusive and collaborative process that has included interested parties providing input on the best ways to protect health and safety, jobs, and the environment. This includes industry, local government, environmental groups, activists, and academics. Any legislative proposal at this time pre-determines the outcome of the current regulatory process while providing no regard for the science and data or the input of our members who have been participating in this process around the state.

We urge you to think about the workers in this industry and how proposals such as this would negatively impact their livelihoods. We need real, collaborative leadership to transition these workers to industrial jobs in new technologies like carbon capture and sequestration, hydrogen, biofuels, biomass, wind, geothermal, etc., that provide the same middle-class livelihoods our members currently enjoy. We have been encouraged by the Biden administration and Congress' attention to this balance in recent legislation, including the much debated Reconciliation Act. President Biden has delivered on his campaign promises in swing states like Pennsylvania, Ohio, and Wisconsin by consistently calling for meeting the climate crisis with bold expansion into carbon capture, as well as clean fuels production and power generation; these promises helped him win the White House. We would expect California and its Democratic supermajority to heed the President's call and follow his example as he strives to make our nation cleaner while protecting the blue-collar jobs that make America work.

Carbon Capture and Sequestration

While we appreciate that in the most recent proposal, the Administration expresses support for carbon capture utilization and sequestration (CCUS) while calling for a clear regulatory framework for permitting these projects, we urge him and the legislature to NOT limit its use arbitrarily. California is currently dependent on oil and gas tanked in from thousands of miles away that's produced with virtually no environmental, safety, or labor standards at great human and climate costs. Studies show that using CCUS in conjunction with enhanced oil recovery could make the energy produced carbon neutral (or even carbon negative) until a time when we are no longer importing oil and gas and have a clear path to electrification that is both affordable and supportable by our currently insufficient power grid. Using CCUS at the source of power production can likewise allow us to continue to produce the power we need in California with much less of an environmental impact. Texas will begin producing and marketing net zero gas later this year; California should be leading the way for as long as Californians need oil and gas to get to work and school. Texas should never be ahead of California in innovating in response to the climate crisis.

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CCUS can also help with base-load power generation facilities that can address current power demands in California. As the Administration rightfully pointed out earlier this year, we are going to continue to need to operate these antiquated base-load generation plants to keep the lights on. Building new base-load production in conjunction with CCUS will allow us to power the State of California cleanly and affordably for the millions of Californians who are depending on us. To that end, we are currently building a pilot CCUS project in partnership with Calpine that will demonstrate the potential of this technology when it comes online this summer. CCUS is also an innovation that could potentially present a means to reverse some of the environmental damage that has already occurred by removing carbon from our atmosphere. We have been pleased to work with legislators in both houses this year, as well as the Governor, to further the understanding of CCUS and to begin to create workable paths to bring CCUS to scale in California as the President has asked of us.

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