

State Building and Construction Trades Council

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PRESIDENT

of California

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SECRETARY-TREASURER

March 16, 2023

The Honorable Eduardo Garcia
Chair, Assembly Utilities and Energy Committee
1020 N Street, Room 408A
Sacramento, CA 95814

RE: AB 538 (Holden) - OPPOSE

Dear Chair Garcia and Members of the Committee:

On behalf of the State Building and Construction Trades Council of California, I write in strong opposition to AB 538 (Holden). While this bill has been pitched as an effort to simply increase regional cooperation among western states, in reality, AB 538 will destroy construction jobs in California while ceding significant control and oversight of our electrical grid to groups and agencies outside of our state. California has made significant commitments and investments as it relates to renewable power and should remain in control of its own destiny.

Proponents of AB 538 have argued that a regionalized organization is better prepared to deliver benefits to participating states. For nearly a decade, these proponents have failed to provide demonstrative evidence that any benefits would outweigh the significant drawbacks associated with the regionalization of our electrical grid. Even worse, they are now asking the legislature to abandon oversight of the California Independent System Operator (CA ISO), leaving the Federal Energy Regulatory Commission (FERC) in complete and exclusive control; this is wrong on many levels.

For the most part, CA ISO has functioned well in maintaining reliability on one of the largest power grids in the world. The success of CA ISO is rooted, though, in the direction and oversight provided by the legislature. We are confident this legislature will continue to drive progress on reliability and the deployment of renewable technologies. Allowing other states, many of whom do not share the same goals, priorities, or values, to play a role in shaping our energy future is dangerous and entirely un-Californian.

It is important to remember that SB 350, in 2015, gave CA ISO the opportunity to bring proposed changes to its governance necessary to establish a regional transmission organization (RTO) back to the legislature for approval. Since then, CA ISO has failed to bring any such proposal back to the legislature. Now, despite having no idea what the terms of governance of a new RTO would be, or the terms for allocating transmission costs, this bill proposes repealing California's control over governance.

California's current leverage in negotiating the terms of an RTO with other states is that the Governor now appoints, and the Senate confirms, the governing board of the California ISO. AB 538 repeals that provision and instead mandates governance that is completely independent from California's

government and policymakers. It makes no sense for the largest state in the country to unilaterally defer to the wishes of other states.

Under the bill, California's ability to shape a potential RTO's policies would be limited to a singular vote on an advisory committee. Wyoming's vote, for example, would have the same weight as California's. So would Utah, Arizona, Idaho, Montana, and the others. It goes without saying that the policy goals of California are significantly different than those found in these other western states.

California controlling its own ability to bring renewable assets online is still the best-case scenario. California is already engaged in some regional relationships that provide benefits without the need to give decision-making authority away. For example, the TransWest Express transmission line is on track to deliver 20,000 GWh of Wyoming-based wind energy. Additionally, CA ISO is getting diverse green energy from a balancing area that includes New Mexico, Arizona, Utah, Idaho, Nevada, Washington, and Oregon. This environment demonstrates that we can continue to utilize regional partners as needed without watering down our ability to make our own decisions.

In addition to the governance issues associated with AB 538, considerable leakage of construction jobs will result. As California works to meet existing goals regarding the deployment of renewable generation assets, the current environment for construction workers in California's energy sector is strong. The deployment of these renewable assets is already creating countless trade jobs and apprenticeship opportunities in California. AB 583 torpedoes that environment, instead driving substantial job leakage to surrounding states, some of which have 'Right to Work' laws on the books. This is deeply troubling.

The push for expanded generation via renewable technologies will continue to open doors to Californians seeking to join the construction workforce. The jobs for construction workers in California's green economy are barrier-free pathways to the middle class. Our affiliated unions are working hard every day to connect these jobs with a diverse, inclusive California workforce. Their efforts are working, demonstrated by the dramatic rise in both apprenticeship entries and completions in California's unionized apprenticeship programs.

Should AB 583 successfully move through the legislature, more than one million potential jobs could be lost. Losing these jobs would be devastating as California looks to transition jobs from the traditional fuel sector into the renewable space. Quite frankly, we need these jobs to make sure workers in existing industries have parallel opportunities in the green energy sector. Without those opportunities, workers in these industries will be left out of the benefits that these new jobs offer. Likewise, the communities these workers live and work in will cease to benefit from the good wages and benefits that are helping to drive local economies.

Lastly, every indication is that the embrace of an RTO structure would result in higher rates for California consumers. California has already made substantial investments in building out a transmission system that is capable of moving and delivering power from renewable resources. Since an RTO would require all participating states to share costs respective to their load, California would have to pay the majority of costs associated with other states modernizing their transmission systems. This would be a gross exploitation of California consumers.

We are committed to working with legislative leaders to make California's transition to renewable generation a reality. We will continue supporting efforts to streamline projects needed to reach

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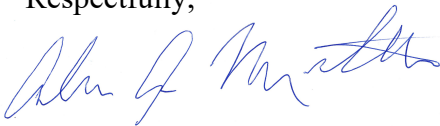
Page 3

established clean energy goals and will likewise keep building and transitioning the workforce needed to bring the projects online.

We encourage this legislature to reject AB 583 in its entirety. There are far too many consequences, just as many unknowns, and too few benefits to take regionalization seriously. The only certain impacts of regionalization are these: lost jobs, less control, and higher utility rates for California consumers. California can continue moving towards a renewable future without AB 583, one that generates California jobs and delivers on promises made to workers in the traditional fuels sector.

For the reasons listed above, we strongly oppose AB 583 and respectfully ask for your vote against this measure.

Respectfully,



ANDREW J. MEREDITH

President

AJM:bp

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cc: The Honorable Chris Holden, California State Assembly