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High Road Labor Standards are necessary to scale clean tech manufacturing

California is a global leader in climate policy, technology innovation, and clean energy deployment but too often, these technologies are commercialized and manufactured elsewhere. This tension is becoming more pronounced as ratepayers navigate an affordability crisis. Rising oil prices, electricity bills, and cost of living are felt nowhere more acutely than in California. At the same time, the state has focused far too much on regulating the old energy system with little effort spent on providing new affordable renewable alternatives to oil and gas. This is now posing a problem because the economic interests of people are being pitted against the climate fight they otherwise support. Polling shows that affordability is most Californians'™ top concern; they believe that the state is heading in the wrong direction despite climate regulation that has reduced the state's emissions.

The United Auto Workers Union and its associated workforce and climate non-profit, the UAW Center for Manufacturing a Green Economy believe that industrial policy and clean-energy manufacturing is the critical next step in building California's™ green economy and addressing these affordability concerns. It is an opportunity to grow good jobs across regions, invest in the state's™ tax base, socialize technologies that need widespread adoption, and connect climate action to economic development and more affordable locally made products—all solutions which will make the green energy transition materially impactful to ratepayers.

We are providing comments around the importance of high-road labor standards to support CEC strategic goals and initiatives which we believe can help center advanced, high-road manufacturing in California's™ industrial strategy to increase in-state production of clean technologies, meet increasing demands for power, and deliver cost-savings to ratepayers while at the same time create well-paying, union jobs to bring communities into this vision for growth.

Climate change is driven by a model of production that is scientifically understood to threaten human health and the planet's™ long-term viability. Without an ambitious industrial policy to rapidly remake how we produce the essential infrastructure of our energy system, we remain unprepared to economically compete in the 21st century. This lack of economic competitiveness is most acutely felt by ratepayers; most Californians experience climate change as austerity. Wildfires and heat waves give way to inflated energy bills and higher insurance costs.

As other countries expand their productive capacity, the urgency of transforming California's™ system also grows. Local production will be critical to the state's™ management of its burgeoning AI sector. California will host the third-largest

concentration of data centers in the country. Utilities are actively seeking long-duration storage, new battery capacity, and transmission infrastructure to support new load as automakers like Tesla, Ford, and General Motors are shifting portions of their business models toward a battery storage manufacturing industry in which they see growth opportunities. Data centers, and the massive energy production they demand, complicate California's energy transition by adding utility load growth for the first time in 50 years. They also present an opportunity: our first-in-class tech innovation sector can scale into local manufacturing for the emerging technologies required for new market realities, and in the process ensure the transition is accompanied with long-term job growth.

This type of innovative co-location also has the potential to deliver affordable, innovative options to consumers. This is critical to building political consensus around the transition in a state with the greatest appetite for EVs and a huge need to store renewable energy for its grid. Just over a decade ago in the United States, there were roughly a dozen vehicle options under \$25,000. Today there are only four. In contrast, China's investment in a local manufacturing supply chain for batteries and EVs has resulted in 60% of its EVs being cheaper than their ICE counterparts as North American markets pay 44% more for batteries than China. Domestic production can build new value chains focused on affordability. Research from the University of Chicago attributes the 90% reduction in battery prices from 2010-2020 to what it calls "Learning By Doing (LBD) through improved efficiency and reduced waste.

The case for quality manufacturing jobs has never been stronger as we stare down the prospect of AI culling the workforce, deteriorating job quality, growing income inequality and laggard infrastructure. Policy that looks to make a key sector out of California's cleantech industry cannot be effective without a high-road framework guiding it. This requires a more symbiotic relationship between employers and workers that will require greater collaboration around wage growth, workplace safety, promotion structures, and job training. An investment in the workforce translates into better products, higher productivity, and less turnover. Good accessible jobs are also necessary to build the political buy-in for the massive whole-of-economy energy transition required to decarbonize and compete globally.

While the specifics will vary by sector and occupation, there is general agreement that a good, family-supporting job pays a living wage; offers a stable schedule; provides benefits such as health care, retirement, paid sick days, and paid family leave; offers wage increases as skills are acquired; provides safe and healthy working conditions; and complies with all workplace laws (e.g., wage and hour, employee classification, health and safety, anti-discrimination, workers' compensation, and right to organize laws).

These are the sort of jobs that buy communities into the scale up of clean energy solutions, creating the local support and political will necessary to continue operations rather than delay rollout. High road manufacturing has the potential to offer permanent jobs contributing to decarbonization and lower utility bills. It's difficult to say the

same for AI development. Engaging unions to ensure community involvement and benefit through quality jobs allows California to continue leading on grid resilience and adaptation without sacrificing its net-zero carbon goals.

Though there are strong indicators that increased wages alone result in clear business benefit – a single dollar increase can yield a 19% decrease in turnover, for example – business underrates the effect of simply improving the workplace. Something as simple as scheduling certainty can generate good will with workers, with the average one willing to forgo 20% of their salary just to have it. The Department of Energy finds that an investment in strong health and safety standards is to invest in the business itself, with –expected reductions of 20% or greater in injury and illness rates and a return of \$4 to \$6 for every \$1 invested. – The high-road is not simply a moralistic path, but also a savvy business move.