

The New California Coalition

AN ENERGY PLAN FOR CALIFORNIANS

Balancing Climate Leadership and Economic
Prosperity for Every Californian



www.newcaliforniacoalition.org

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Executive Summary

California stands at a pivotal moment in its energy and climate journey. While the state has long led in renewable energy and environmental ambition, the current trajectory reveals growing tensions between sustainability goals, technology choices, and economic realities. While Californians support climate action, they are deeply concerned about the adverse impacts of current policy on energy affordability and reliability as well as economic opportunity.

The New California Coalition (NCC) urges 2026 gubernatorial candidates to adopt a pragmatic Energy Plan that advances ***two co-equal goals for Californians*** :

1. **Climate Leadership**, which encompasses sustainability and resilience, and
2. **Shared Economic Prosperity**, which encompasses affordability, reliability, and inclusive economic growth.

This plan proposes a comprehensive, actionable strategy that integrates climate and economic policy, sets measurable targets for 2050 with interim milestones to measure progress, and outlines backward-mapped strategies to achieve them. It emphasizes energy pragmatism, technology neutrality, economic revitalization, governance reform, and innovative funding mechanisms. The plan is designed to evolve through frequent public consultation and real-time implementation, ensuring that California remains a global leader in environmental stewardship while restoring affordability and economic opportunity for its citizenry.

What Californians Want

In a representative democracy, government must reflect the will of the people. Californians have consistently expressed support for addressing climate change, while simultaneously voicing concern about the economic impacts of energy policy. A 2021 Stanford University deliberative poll revealed that 76% of Californians believe climate change threatens quality of life and is driven by human activity. However, even larger majorities -- approximately 86% of Californians, emphasized the need for reliable, affordable energy, and protection against job displacement. The poll also showed 82% agreed that California's competitiveness should not be damaged by shifting emission producing activities to other states or nations with lower emission standards than our own.

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More recent polling reinforces these views. A 2025 NCC survey found that 75% of Californians prioritize reducing energy costs over all other issues. A Public Policy Institute of California

(PPIC) poll showed that while 67% support climate action, most are unwilling to pay more for renewable electricity, and majorities cite high gas and utility prices as personal hardships. Only 35% believe climate action will create jobs, down from 45% in 2010. Fewer than 40% support banning new gasoline-powered vehicles by 2035.

Californians are proud of the state's renewable energy leadership—second only to Texas—but are alarmed by the consequences: California has the highest electricity and gas prices in the continental U.S., the second-lowest affordability ranking, and the highest poverty and unemployment rates. These realities have contributed to significant outmigration and declining belief in the California Dream. Most Californians now believe the American Dream is best achieved in states other than California. Californians want an energy plan that protects the environment without sacrificing livelihoods, economic competitiveness, or quality of life.

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How We Got Here

California's climate policies have focused on reducing in-state greenhouse gas emissions, often disregarding economic consequences on Californians, and missing the larger global context for greenhouse gas pollution by seeking in-state reductions as a partial and misleading measure of progress. When the California Air Resources Board issued its first scoping plan in 2006, California GHG emissions accounted for 0.90% of global emissions. Almost 20 years and 1,000 regulations later, California accounts for 0.74% of global emissions. What appears like modest progress underscores the importance of the global context because global GHG over the same period has grown by 32%, largely driven by India, Indonesia, Russia and China. While California's leadership is commendable, it's hubris to believe that global climate change can be "fixed" through policies that impose huge cost and quality of life impacts on Californians.

California's fossil fuel consumption has declined 28% since 2006, while production has dropped 68%, leading to increased reliance on imported oil and higher emissions from transportation. Regulatory decisions, such as CARB's "at-berth" rule, have contributed to refinery closures, threatening energy supply and virtually guaranteeing that energy affordability and reliability will get worse.

We have largely ignored the fact that transitioning to a clean-energy economy is not a light-switch event. A "transition" implies maintenance of, and continued investment in, our legacy energy infrastructure while developing the new infrastructure that will be required to support the more diversified sources of future energy. Getting corporate capital into CA and deployed with a rate of return is near impossible. Lack of predictability makes it near impossible to get investment grade rating for private sector infrastructure investments.

CARB, the lead climate regulator, lacks an economic development counterpart to balance environmental goals with economic strategy. That is a highly ineffective way to manage energy policy, which affects virtually everything we do in modern society. CARB is losing authority and political support because it is being asked to do a job that it isn't designed to do. Californians increasingly question whether the state is prepared to meet its climate goals without sacrificing economic well-being.

We have limited our choices. The 2021 Stanford Deliberative Poll showed 57% of Californians support new generation nuclear (small modular reactors) *before* deliberation -- 73% *after* deliberation. But, in 1976, fifty years ago, California passed a law that created a moratorium on construction of new nuclear facilities, so our regulators have not given enough attention to added nuclear capacity as part of our future energy mix despite the many advances in nuclear safety and effectiveness.

Reliable, affordable electricity is vital to everyday Californians and to the businesses that create their jobs. California's diverse economy has always been dependent on a reliable source of electricity. It's a critical contributor to what made California the largest manufacturing state, the dominant U. S. technology innovator, and the world's leading agricultural producer. The connection between energy and water supply is as critical to these sectors as it is to California families and to the environment.

Electricity demand is surging due to EV's, AI and manufacturing reshoring, yet California's energy infrastructure is not prepared. Our electricity grid is woefully inadequate to support our important traditional electricity users while concurrently satisfying the exploding demand from these growth industries, let alone recover lost ground in key industries like semiconductors. All of these sectors require reliable, affordable 24/7 energy access. Meanwhile, California's regulatory complexity—420,000 regulations, more than triple the national average—has stifled both public and private investment. Coupled with this regulatory burden, an embedded bureaucracy has caused interminable delays in building the needed, vital transmission lines and unleashing distributed energy generation. We can't electrify everything while strangling the grid.

Despite the fact that virtually all energy innovation has come from the private sector, we have underestimated the importance of creating an investment climate that encourages the private sector to help accelerate progress towards what we referred to above as the "*two co-equal goals*". California is unlikely to attract the requisite investment if it continues to have regulations numbering more than three times the national average.

Today, California is the 5th largest economy in the world, but it's an economy that only works for a few of its people, mostly in wealthy, high-tech, coastal enclaves. Even in those affluent coastal regions, people with "regular" jobs – teachers, police, firefighters, trades people, hospitality workers and the like, struggle mightily to make ends meet. A recent survey

conducted by the New California Coalition shows 58% of Californians expect the California economy to get worse, while only 17% expect it to get better.

Where Do We Go From Here?

California's energy plan must integrate climate and economic policy to advance two co-equal goals for Californians: (1) Climate Leadership, which includes sustainability and resilience; and (2) Shared Economic Prosperity, which includes energy affordability and reliability as well as inclusive economic growth.

California must embrace an energy plan that balances environmental leadership with affordability and economic opportunity. The energy plan must integrate climate and economic policy to advance **two co-equal goals for Californians: (1) Climate Leadership**, which includes sustainability and resilience and (2) **Shared Economic Prosperity**, which includes energy affordability and reliability as well as inclusive economic growth. It should establish 2050 targets with interim milestones in each of these areas, and develop backward-mapped strategies to achieve them. If we are to adhere to what the voters want, the second of these goals should receive priority in the near-term.

Implementation must begin immediately, even as the plan evolves. Frequent public consultation and polling will ensure the plan remains aligned with the values of Californians. The plan will be flexible, adapting to technological advances and economic shifts.

Global climate change can't be fixed through policies that impose high cost and quality of life impacts on Californians.

Measuring progress against plan using specific annual metrics – such as, does the policy reduce costs, increase supply, decrease risk, create jobs – will hold all of us accountable for achievement of the co-equal goals.

Technology Choices

Californians support a pragmatic, “all-of-the-above” energy strategy that includes solar, wind, electricity, hydro, biomass, renewable diesel and renewable natural gas, hydrogen, nuclear, and carbon capture. They oppose eliminating existing energy sources, including California's abundant fossil fuels, before alternatives are proven to be affordable, reliable, and helpful to the state's economic competitiveness.

Californians support a pragmatic, “all-of-the-above” energy strategy; pace and scale matter for a successful integration.

Legislation passed in the closing hours of the 2025 legislative session shows policymakers are just beginning to see the need for pragmatism. Senate Bill 237 streamlines oil permitting and allows Kern County to expand drilling. The state also authorized the California Independent System Operator (CAISO) to join a regional electricity market as a way to help improve affordability. These are important first steps, but much more is needed.

For starters, we must fix the interminable delays in the expansion of our electricity transmission system and support more distributed generation. One of the key impediments to delivering more electricity and meeting the demand for EV's and data centers is building more transmission. Solar and wind may be relatively affordable but can't come on-line due to lengthy cues to get transmission access.

We need to extend the life of Diablo Canyon, the state's largest source of clean energy (8.5% of California Power), and revisit our 1976 moratorium on new nuclear facilities to consider exemptions for small modular reactors. Hydro must be considered as both clean and renewable. Biomass to bioenergy legislation (AB 709 and SB 88) has passed or is advancing, but implementation remains too slow and sparse. Fusion energy and Space-based solar power are potential game-changers for which California is and should remain the R&D leader, even if both are projected to be 15 to 20 years from commercial-scale implementation. And there remains interest in exploring new opportunities and investment in renewables like offshore wind and geothermal production that is combined with lithium extraction in Imperial County.

A focus on core principles like an all of the above energy plan based on pace, scale and affordability of new technology; one that embraces the experience and knowledge of all stakeholders, including industry; to address the climate challenges we face in concert with the economic pressures, and that encourages investment not punitive actions, are all critical to plan development and successful implementation.

Economic Opportunity

Affordability is both a cost and income issue. California must reduce living costs while expanding access to middle-income jobs. Recent legislation includes \$60 billion in climate credits and limits on utility cost pass-throughs, but these are modest steps.

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To attract high-growth industries, California must improve its business climate. The state ranks last in business friendliness due primarily to high taxes, regulation, and cost of living. Energy and climate policies are a major contributor to these challenges. A broader economic development strategy is needed—one that includes but is not limited to decarbonization industries.

California is not one economy but a tapestry of regional economies. The California Jobs First Act has provided a starting point for addressing deep inequalities between regions, but more comprehensive reforms are needed to reduce regional poverty and unemployment. California must reclaim leadership in sectors like semiconductors, AI, and advanced manufacturing, which require reliable, affordable energy and a supportive regulatory environment.

Governance Reform

As the California Energy Commission (CEC) recently said in a letter to Governor Newsom, :

“...the State must simultaneously continue supporting the rapid expansion of new clean, alternative fuels while actively managing a gradual responsible phase-down of the incumbent systems that millions of Californians will continue to depend upon for years to come.”

California needs an “all-of-government” approach to manage its energy sector. Other states have appointed energy transition coordinators or “czars”, *with executive authority*, to coordinate leadership around shared economic and environmental goals, as well as to streamline implementation. The key responsibilities of such czars are to ensure that there is an energy plan supported by the voters, and that the plan is being effectively and efficiently implemented by all government agencies -- regulatory, economic, education and workforce development. Whether the Governor oversees these actions personally or through an appointed energy czar or cabinet-level appointee, the direction must come directly from the Governor’s office.

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Of critical importance, California must have an ***Economic Development and Opportunity Agency*** with enough influence to help balance that of the regulatory agencies. Such an agency must be responsive to the affordability, reliability and opportunity priorities of Californians, and industry must have a strong voice at the table. Regional economies must be empowered to tailor solutions to local needs and assets while aligning with statewide goals. California’s diverse regions can become engines of inclusive growth if properly supported.

The improved governance structure must also accelerate project approvals and reduce costs. Automatic or near-automatic approvals for key projects in appropriate locations would yield significant climate and economic benefits. California must prove it can deliver transformative infrastructure efficiently.

Funding the Transition

California's serious budget constraints and limited federal support necessitate innovative funding strategies. The state must move beyond siloed grant programs and create stable, predictable revenue streams linked to economic development and energy policy. Cap-and-Invest (formerly Cap-and-Trade) must be restructured to prioritize the *two co-equal goals*.

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Nearly 70% of global clean energy investment in 2024 came from private sources. California can attract a disproportionate share of this capital by leveraging its unparalleled innovation ecosystem, improving its investment climate, and demonstrating execution capability.

Conclusion

The New California Coalition is encouraging all California gubernatorial candidates, the legislature and other policymakers to respond to the reality that we need an economy-wide energy plan that drives sustainable and inclusive economic growth, cuts daily costs, and attracts business investment in every region of the state.

California's energy future must recognize the wishes of Californians and be built on a foundation of pragmatism and common sense. The transition ahead is not just technical—it is deeply human. It affects how people live, work, and thrive, which is why it must be centered on the needs of Californians: families, workers, businesses, and communities. It calls for bold leadership, coordinated governance, and a renewed commitment to shared prosperity.

The proposed Energy Plan for Californians offers a pragmatic, inclusive path forward—one that addresses climate change while restoring affordability, reliability, and economic opportunity. By embracing inclusive growth, technology neutrality, governance reform, and private investment, California can once again lead the world—not just in environmental ambition, but in delivering shared prosperity for all Californians.