



Labor Considerations for Clean Energy Procurement

Local governments can leverage clean energy RFPs to support labor and equity goals.

Requests for proposal (RFPs) are opportunities to outline and commit to key goals when procuring goods and services. These goals can reflect shared interests of labor and environmental groups, including (1) sustainable, long-term jobs, (2) broad-based economic opportunity, and (3) revitalization of industrial communities. Local governments can use clean energy RFPs to encourage hiring and employment best practices. This guide summarizes the pros and cons of these strategies and offers sample language from previously issued RFPs.

Labor provisions can promote high-paying jobs in energy and disadvantaged communities.

RFPs can facilitate the Just Transition of fossil fuel workers to new employment in rapidly growing clean energy industries by supporting attractive wages, benefits, and workplace protections. Currently, although the clean energy sector employs roughly three times as many workers as the fossil fuel sector *and has strong growth prospects*, the median clean energy job pays less (\$23.89/hour) than the median fossil fuel job (\$25.99/hour). Some sectors, such as coal power generation, pay a median wage over \$30/hr. Local governments can leverage RFPs to narrow the wage gap and make clean energy jobs more compelling by conditioning clean energy procurement on good wages, secure benefits, and explicit worker protections.

Moreover, local governments can manage job allocations to prioritize (1) underserved communities, (2) communities located at the forefront of pollution and/or climate change, and (3) communities that were historically excluded from the procurement process. Some RFP provisions (e.g., local and targeted hiring requirements) can, for example, commit bidders to hiring formerly incarcerated and/or immigrant workers as well as workers who are Black, Indigenous, and/or People of Color (BIPOC).

Potential costs of these provisions should not be ignored.

Emphasizing labor interests may mean *deemphasizing* other interests — especially cost. Although the most sustainable, labor-sensitive bid may also be the most affordable, bidders typically raise their fees as RFP demands become more prescriptive. In the most extreme cases, high standards could deter bidders altogether. Local governments should understand their budgets and pools of prospective bidders *before* finalizing RFPs and strive for ambition while heeding their local needs and limitations. Furthermore, when costs *are* an obstacle, local governments should consider designing projects that can maximize incentives (such as those offered by the 2022 Inflation Reduction Act) before reflexively scaling back labor conditions.

Examples of labor provisions already exist.

The following examples of procurement language emphasize labor from previously issued RFPs. Although this list is not exhaustive, it presents possible scoring criteria for clean energy bids. Note that scoring criteria should be well-defined and measurable to clearly communicate goals and reduce the appearance of arbitrary decision-making. Likewise, awardees should be prompted to demonstrate satisfactory performance via routine data tracking and reporting.

- ❑ **Will the bidder affirm workers' right to organize and/or prioritize union labor?**
 Example: "Bidder shall also provide on-site construction execution details, including anticipated personnel sizes for construction labor and management, expected onsite manpower labor curves, construction union labor trade compositions, and required equipment laydown or other warehousing sizes and locations." (XCEL/SHERCO 2021)
- ❑ **Will the bidder pay prevailing wages and offer quality benefits?**
 Example: "The Facility [will be] constructed and operated using prevailing wages." (NYPA 2017)
- ❑ **Will the bidder make explicit commitments through a Project Labor Agreement?**
 Example: "New utility-scale wind, utility-scale solar, and brownfield site photovoltaic produced RECs must also "be from facilities built by general contractors that must enter into a project labor agreement, as defined by this Act, prior to construction." (IPA 2022)
- ❑ **Will the bidder offer apprenticeship opportunities to train future workers?**
 Example: "Commitments to fund or utilize existing workforce development programs that target disadvantaged communities such as workforce-to-job training, apprenticeships, pre-apprenticeships, and direct recruitment for short-term construction/operations and maintenance jobs will be given materially greater weighting in evaluation of long-term benefits." (NYSERDA 2021)
- ❑ **Will the bidder hire from the local community?**
 Example: "Proposals [must include the] estimated number of [short-/long-term] jobs within Chicago associated with New Build Renewable Generation, based on full-time equivalency, [as well as] the estimated number of [short-/long-term] jobs within IL, not including Chicago." (City of Chicago 2020)
- ❑ **Will the bidder hire from underserved populations, including displaced fossil fuel workers?**
 Example: Bidders must submit strategies to prioritize low-income citizens, "including creating quality careers adhering to local source hiring, a just transition for workers displaced by fossil fuel reduction, equitable access through ownership and benefits to new opportunity for historically marginalized communities, and affordable clean energy options." (Dekalb County 2022)
- ❑ **Does the bidder demonstrate a commitment to diversity, equity, and inclusion?**
 Example: Bidders must provide "a diversity, equity and inclusion plan [that] should describe the proposed strategy to actively promote access to employment and contracting opportunities for, and to actively recruit, diverse workers, vendors, contractors, and investors [...]" (MA DOER 2021)

Procurement is a powerful, underused source of leverage.

Procurement is one of the few areas where local governments have near-complete authority, and with specific, purposeful RFPs, they can support quality jobs *and* advance policy goals. For further guidance on this process, including tools and sample RFPs, visit cityrenewables.org. Funding for workforce training, clean energy manufacturing, and other items relevant to this guide can be found in the **FFOLD** tool. To read more on this subject, consider the following:

- BlueGreen Alliance, "State-Based Policies to Build a Cleaner, Safer, More Equitable Economy"
- American Sustainable Business Council, "The High-Road Workplace"
- PolicyLink/Emerald Local Governments Collaborative, "Inclusive Procurement and Contracting"