

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 5**

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To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: April 9, 2026

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Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

As the legislative session enters into the second quarter of 2026, the theme of “affordability” is once again leading the way, but a second theme of “uncertainty” has also emerged. The session is nearly six weeks removed from the bill introduction deadline and yet new bills continue to materialize. At the same time, there is wide expectation that additional policy proposals have yet to be put on the table, including an extension of the Diablo Canyon Nuclear Power Plant, even more bills on electricity rates and supply for data centers, and legislation on investor-owned utility liability and wildfires. All of these policy unknowns are a reminder that the beginning of April is still an early time in the legislative session.

The state’s budget situation is an even bigger mystery than the policy realm. Total tax revenue continues to outpace projections, currently the state has realized some seven billion dollars in additional revenue than was expected. This is welcome news as the prevailing wisdom coming into the session is that California would be in a deficit somewhere between 10 and 20 billion dollars, which may still be the case for FY 2027-28 but FY 2026-27 appears closer to balanced. Despite this welcome news, those on the inside of the budget process continue to preach caution as they work through the healthcare subsidy impacts from H.R. 1 from last summer that is likely to cost the state tens of billions of dollars. Finally, the war in the Middle East and the subsequent increase in energy prices has created instability in the stock market, giving pause as to how much more California will reap in capital gains taxes, which is a key figure in the budget picture.

The last bit of uncertainty and intrigue is the ongoing cluster of Democrat gubernatorial candidates with no clarity as to who may lead California next. There has been significant media speculation that the large pool of Democrat candidates could split the votes in a way that the top two candidates coming out of the primary would both be Republicans. Some legislators are beginning to endorse candidates and most of the labor unions have done so as well, but who wins at the June primary will have some influence on the end-of-session decisions.

Nearly 1500 bills have been introduced since the beginning of the year, and the energy policy area is once again high on the popularity list. Reigning in IOU rates and profits, data centers, electric vehicles, and transitioning away from fossil gas use are some of the issue areas that will be debated over the next several months. VCE staff, the LRTG and PPG are currently examining the following bills and expect to evaluate more bills as they are identified as of interest to VCE and CCAs.

### **1. AB 1761 (Rogers) PCIA Transparency**

Summary: Would require the Public Utilities Commission to ensure that all data serving as a basis for any decision or ruling issued by the commission, or in any proposal or analysis provided by commission staff, for the determination or application of the Power Charge Indifference Adjustment (PCIA) is made available to load-serving entities and ratepayer advocates on behalf of customers. The bill would require the PUC to require an investor-owned utility or other party, in submitting a proposal or analysis for the determination or application of a calculation methodology for the PCIA to make all data serving as a basis for that proposal or analysis available to load-serving entities and ratepayer advocates on behalf of customers. The bill would require that data to meet specified requirements, including that it is made through a public disclosure, except for market-sensitive data, as provided.

#### Additional Information

- Next Hearing: The bill passed Assembly Utilities & Energy Committee and will be heard next in Assembly Appropriations Committee.
- VCE has taken a support position.
- CalCCA is the sponsor of AB 1761
- Bill language: [AB 1761](#)

### **2. SB 1138 (Padilla) Resource Adequacy Transactability**

Summary: Current law requires the Public Utilities Commission, in consultation with the Independent System Operator, to establish resource adequacy requirements for all load-serving entities, as provided. This bill would require the commission to permit a load-serving entity to demonstrate compliance with resource adequacy requirements by selling to, or otherwise making transactions with, another load-serving entity to meet not more than 25% of its compliance obligation, on a short-term basis, and to permit those transactions to be denominated in the same unit of time used to denominate resource adequacy compliance requirements.

#### Additional Information

- Next Hearing: The bill will be heard on April 7, 2026, in Senate Energy, Utilities & Communications Committee.
- VCE has taken a support position.
- CalCCA is the sponsor of SB 1138
- Bill language: [SB 1138](#)

### **3. AB 2383 (Zbur) Electricity: Large Energy Use Facilities.**

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

Current law authorizes the commission to investigate a single rate, classification, rule, contract, practice, or the entire schedule of rates, classifications, rules, contracts, and practices, of any public utility, and to establish new rates, classifications, rules, contracts, practices, or schedules. This bill would require the commission, on or before January 1, 2028, in a new or existing proceeding, to provide for a classification of retail electricity consumers that are large energy use facilities, defined as those facilities that have a peak load of 20 megawatts or more, that is separate and distinct from classifications of service for other commercial or industrial retail electricity consumers and has its own rate schedule. The bill would require any rate schedule adopted by the commission for large energy use facilities to meet certain requirements of a specified tariff. Those conditions include not creating a cost-shift to other customers, pay equitable costs of wildfire mitigation, have a 15-year contract minimum duration, pay a percentage of the contract up front, and any other conditions set by the commission in the public interest.

Problematically, this bill requires CCAs to have the same terms and conditions in any contract for generation service with a large energy use facility. The bill undermines CCAs' authority to set their own rates.

#### Additional Information

- Next Hearing: The bill will be heard in Assembly Utilities & Energy Committee.
- VCE has taken an Oppose Unless Amended position.
- CalCCA has taken an Oppose Unless Amended position
- Bill language: [AB 2383](#)

#### **4. SB 886 (Padilla) California Technology Innovation and Ratepayer Protection Act.**

Summary: Existing law authorizes the Public Utilities Commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. This bill, the California Technology Innovation and Ratepayer Protection Act, would require the commission, on or before July 1, 2027, to establish a rate structure that includes an IOU tariff for the interconnection of the participating customer facilities and the provision of transmission, distribution, and generation services to participating customers, as specified. The bill would require the commission, as part of establishing the electrical corporation tariff, to, at a minimum, establish eligibility criteria for participating customers, evaluate the risks and benefits of the electrical corporation tariff to nonparticipating customers, ensure that the electrical corporation tariff prevents the creation of stranded costs for, or cost shifts to, nonparticipating customers, and, for unbundled customers, ensure that charges generally included in the generation component of their bills are assessed separately from charges generally included in the transmission and distribution components of their bills. The bill would also require that the electrical corporation tariff, among other things, assign cost responsibility for all transmission facility upgrades triggered by a new facility interconnection to the applicable participating customer and require an early termination fee to be assessed against a participating customer under specified circumstances.

The bill was amended coming out of the Senate Energy, Utilities & Communications Committee to focus the IOU tariff on distribution and transmission and separate any generation related terms so as not to exclude CCAs from serving data centers.

Additional Information

- Next Hearing: The bill will be heard in the Senate Appropriations Committee.
- VCE has yet to take an official position.
- CalCCA has yet to take an official position.
- Bill language: [SB 886](#)

**5. SB 875 (Wiener) Public Utilities: Eminent Domain for Municipalization.**

Summary: The Eminent Domain Law authorizes a public entity to exercise the power of eminent domain to acquire property for a public use if the use for which the property is sought to be taken is a more necessary public use than the use to which the property is appropriated, as specified. Existing law specifies that if property has been appropriated to public use by any person other than a public entity, the use of the property by a public entity for the same or any other public use is a more necessary use than the current use. Current law also specifies that if property that has been appropriated to a public use is electrical, gas, or water public utility property, as defined, that the public entity intends to put to the same use, the presumption of a more necessary use is a rebuttable presumption affecting the burden of proof, except as specified. Current law requires a court to award a defendant their litigation expenses if the eminent domain proceeding is dismissed or if there is a final judgment that the plaintiff cannot acquire the property by eminent domain, as provided. This bill would specify that if property that has been appropriated to a public use is electrical, gas, or water public utility property that a public entity within the Pacific Gas and Electric Company service area intends to put to the same use, the presumption of a more necessary use is conclusive and not rebuttable.

Additional Information

- Next Hearing: The bill will be heard on April 14, 2026, in the Senate Judiciary Committee.
- VCE has yet to take an official position.
- CalCCA has yet to take an official position.
- Bill language: [SB 875](#)