

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 6**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: June 12, 2025

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:

The pace and importance of activity continues to elevate as the legislative session moves into June. This month includes critical deadlines on the policy front as well as in the budget process, both of which continue to be impacted by actions of the Trump Administration.

Legislators face a June 6 deadline to pass bills out of their house of origin, with nearly 700 individual pieces of policy to be considered during the week of June 2. SB 540 (Becker), the bill proposing to allow the CAISO's WEIM and EDAM markets to be governed by a regional organization, is one such bill needing to meet the June 6 deadline that is feeling the effects of the Trump Administration. The bill was amended in the Senate Judiciary Committee, and further amended in the Senate Appropriations Committee, to include language that would require California to automatically withdraw from the regional organization if certain actions, such as a weakening of the Renewable Portfolio Standard or a requirement to procure or subsidize coal, natural gas, or any other fossil generation resources located outside of California. Further amendments were taken to create Regional Energy Market Oversight Council that would approve or disapprove initial participation in the regional organization and determine at any other time if withdrawal is necessary. These amendments were put into the bill to address concerns that the Federal Energy Regulatory Commission (FERC), under the influence of the Trump Administration, would use tariffs filed by the regional organization to undermine California's clean energy policies. Negotiations continue regarding the amendments taken in the Senate to work through the balancing act of SB 540.

On the budget side, the federal government's actions are having a much bigger impact. On May 14, Governor Newsom released his May Revision to the FY 2025-26 budget that projects a \$12 billion deficit. The Governor attributed the projected deficit to the economic uncertainty and loss created by tariffs imposed by the Trump Administration that has also caused a 1.2% reduction in projected capital gains revenues. During his May Revision press conference, Governor Newsom stated that his Administration will work with the Legislature to extend the

state's Cap-and-Trade Program until 2045. He further mentioned that a key feature of balancing the budget, and part of the Cap-and-Trade negotiations, is to shift CALFIRE's operations costs to the Greenhouse Gas Reduction Fund (GGRF), which is where Cap-and-Trade auction revenue is deposited. This action will shift \$1.54 billion from the General Fund to the GGRF in FY 2025-26.

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. SB 540 (Becker) Regional Organization

Summary: The bill would authorize the ISO, on or after January 1, 2028, to implement tariff modifications accepted by the Federal Energy Regulatory Commission to operate the energy markets whose rules are governed by an independent regional organization if the governing board of the ISO adopts a resolution, as specified. The bill would require the ISO to maintain the necessary technical capability to operate energy markets, and would require the ISO to continue its functions and responsibilities as a balancing authority, as provided.

Additional Information

- Next Hearing: The bill is on the Senate Floor.
- VCE has yet to take an official position.
- CalCCA supports SB 540
- Bill language: [SB 540](#)

2. SB 254 (Becker) Affordability: Policy-Oriented and Wildfire Electric Reimbursement (POWER) Program

Summary: This bill proposes various policies related to electrical corporations, including changes to: wildfire mitigation regulatory framework, the allocation to customers of the Climate Credit, electric transmission infrastructure permitting and deployment, permitting of clean energy infrastructure, including energy storage facilities, and various proposals to address electricity utility bills, including prohibiting rate basing by electrical corporations of \$15 billion in capital investments.

Additional Information

- Next Hearing: The bill is on the Senate Floor.
- VCE has yet to take an official position.
- CalCCA supports SB 254
- Bill language: [SB 254](#)

3. SB 332 (Wahab) Investor-Owned Utilities Accountability Act

Summary: Existing law vests the State Energy Resources Conservation and Development Commission (Energy Commission) with various responsibilities for developing and implementing the state's energy policies. This bill would require the Energy Commission to select a research institute, as defined, to conduct a comparative analysis of the benefits and challenges of transitioning the electrical corporations to a public entity, nonprofit public benefit corporation, or mutual benefit corporation in order to identify a recommended model, as

provided. The bill would require the research institute to complete the analysis on or before January 1, 2029, and, upon completion, to submit the analysis to the Legislature and the Energy Commission. The bill would require the Energy Commission to make a draft of the analysis available to the public for comment before submitting the final draft to the Legislature, and would limit the cost of conducting the analysis to \$5,000,000. This bill contains other related provisions and other existing laws.

Additional Information

- Next Hearing: The bill is on the Senate Floor.
- VCE has yet to take an official position.
- CalCCA has yet to take an official position.
- Bill language: [SB 332](#)

4. SB 283 (Laird) Energy Storage Systems

Summary: Existing law, the California Building Standards Law, establishes the California Building Standards Commission (commission) within the Government Operations Agency and sets forth its powers and duties, including approval and adoption of building standards and codification of those standards into the California Building Standards Code. Existing law requires the State Fire Marshal, before the next triennial edition of the California Building Standards Code adopted after January 1, 2025, to propose to the commission updates to the fire standards relating to requirements for lithium-based battery systems, as provided. This bill would require the commission and the Office of the State Fire Marshal to review and consider the most recently published edition of the National Fire Protection Association (NFPA) 855, Standard for the Installation of Stationary Energy Storage Systems, for incorporation into the next update of the California Building Standards Code adopted after July 1, 2026.

Additional Information

- Next Hearing: The bill passed the Senate and is awaiting referral to an Assembly policy committee.
- VCE has yet to take an official position.
- CalCCA has taken a position of support if amended.
- Bill language: [SB 283](#)

5. AB 706 (Aguiar-Curry) Battery Energy Storage Facilities

Summary: Existing law establishes in the Natural Resources Agency the Department of Forestry and Fire Protection (CAL FIRE), and makes CAL FIRE responsible for, among other things, fire protection and prevention, as provided. Existing law establishes the State Board of Forestry and Fire Protection in CAL FIRE to represent the state's interest in the acquisition and management of state forests and requires the board to maintain an adequate forest policy. The former Governor, Edmund G. Brown, Jr., issued Executive Order No. B-52-18 that, among other things, established a Forest Management Task Force, now known as the Wildfire and Forest Resilience Task Force, involving specified state agencies to create the action plan for wildfire and forest resilience. The executive order also established a Joint Institute for Wood Products Innovation, to be located within the state board. Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. The California Renewables Portfolio Standard Program requires every electrical corporation to file with the

PUC a standard tariff for electricity generated by an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. The PUC refers to this requirement as the renewable feed-in tariff. The renewable feed-in tariff law, in part, requires the PUC to direct the electrical corporations, collectively, to procure at least 250 megawatts of cumulative rated generating capacity from developers of bioenergy projects that commence operation on or after June 1, 2013. Pursuant to this requirement, the PUC has established and revised the Bioenergy Market Adjusting Tariff (BioMAT) program. On March 18, 2016, the PUC issued Resolution E-4770 to order investor-owned utilities to each hold a solicitation for contract with facilities that can use biofuel from high hazard zones to address an Emergency Proclamation using the Bioenergy Renewable Auction Mechanism (BioRAM) program. This bill would establish the fire fuel reduction program to support sufficient procurement, transport, and beneficial use of forest biomass waste to reduce fuel for wildfires by up to 15,000,000 bone-dry tons of forest biomass waste per year. The bill would establish the FOREST and Wildfire Prevention Fund in the State Treasury, and would continuously appropriate the fund to the Natural Resources Agency for this program, as specified. By continuously appropriating moneys in the fund to the agency, the bill would make an appropriation. The bill would require the fire fuel reduction program to grant funding priority to BioRAM and BioMAT fleets in operation on or before January 1, 2031.

Additional Information

- Next Hearing: The bill is on the Assembly Floor.
- VCE has yet to take an official position.
- CalCCA supports AB 706.
- Bill language: [AB 706](#)

6. AB 942 (Calderon) Net Energy Metering

Summary: Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities are generally under the direction of their governing boards. Existing law requires each electrical utility, including each electrical corporation, local publicly owned electric utility, electrical cooperative, or other entity that offers electrical service, except as specified, to develop a standard contract or tariff that provides for net energy metering (NEM), which, among other things, compensates each eligible customer-generator, as defined, for the electricity it generated during a preceding 12-month period that exceeds the electricity supplied by the electrical utility through the electrical grid to the eligible customer-generator during that same period, as provided. Existing law requires each electrical utility to make the contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by those eligible customer-generators exceeds 5% of the electrical utility's aggregate customer peak demand, except as specified. This contract or tariff is commonly known as NEM 1.0. Existing law requires the commission to develop an additional standard contract or tariff, which may include NEM, for eligible customer-generators that are customers of large electrical corporations, as defined. Existing law requires each large electrical corporation to offer this standard contract or tariff to its eligible customer-generators beginning July 1, 2017, or before that date if ordered to do so by the commission because it has reached the above-mentioned 5% NEM 1.0 program limit, and prohibits limiting the amount of generating capacity or the number of new eligible customer-

generators entitled to receive service pursuant to this standard contract or tariff, as specified. This contract or tariff is commonly known as NEM 2.0. Existing law authorizes the commission to revise the standard contract or tariff as appropriate to achieve specified objectives. Pursuant to its authority, the commission adopted Decision 22-12-056 (December 19, 2022), commonly known as the net billing tariff, that creates a successor tariff to the NEM 1.0 and 2.0 tariffs and includes specified elements, including, among other things, retail export compensation rates based on hourly avoided cost calculator values averaged across days in a month, as specified, and an avoided cost calculator plus adder, based on cents per kilowatt-hour exported, available during the first 5 years of the successor tariff, as specified, known as the avoided cost calculator plus glide path. This bill would, on and after January 1, 2026, for a customer that becomes a new eligible customer-generator by purchasing real property that contains a renewable electrical generation facility upon which a prior eligible customer-generator took service, require the new eligible customer-generator to take service under the then-current applicable tariff adopted by the commission after December 1, 2022, would disqualify the new eligible customer-generator from eligibility for the avoided cost calculator plus glide path, as specified, and would require the new eligible customer-generator to pay all nonbypassable charges that are applicable to customers that are not eligible customer-generators.

Additional Information

- Next Hearing: The bill will be heard in the Assembly Appropriations Committee.
- VCE has yet to take an official position.
- CalCCA has yet to take an official position.
- Bill language: [AB 942](#)

7. AB 303 (Addis) Battery Energy Storage Facilities

Summary: Existing law authorizes the CEC to certify, in lieu of any permit, certificate, or similar document required by any state, local, or regional agency, an energy storage system capable of storing 200 megawatt hours or more of energy. This bill would specify that the CEC certification process would not include battery energy storage systems. This bill would prohibit the authorization of a development project that includes a battery energy storage system capable of storing 200 megawatt hours or more of energy if the development project is located within 3,200 feet of a sensitive receptor or is located on an environmentally sensitive site (including agricultural land), as specified.

Additional Information

- Next Hearing: The bill was not heard in a policy committee and is now dead for the remainder of the 2025 session.
- VCE has yet to take an official position.
- CalCCA opposes AB 303
- Bill language: [AB 303](#)