

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 11, 2026

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:

California’s 2026 legislative session has officially crossed the halfway mark as June gets underway and all active legislation had to pass its house of origin as of Friday. And the biggest question of the year will soon become a bit clearer – who will be the next Governor? The uncertainty regarding who will be on the November ballot for California’s top position has been the main story for the year so far, and, in many ways, has caused bigger policy proposals to simmer on the back burner. Those policy proposals that may still come include an extension of the Diablo Canyon Nuclear Power Plant and investor-owned utility liability related to wildfires.

Aside from the primary election, the month of June is mostly focused on the budget as this is the month that the Legislature and Governor must agree on the plan for the next fiscal year, which starts July 1. Back on May 14, Governor Newsom released his May Revision to his January proposal, updating revenue and expenditure projections. The state continues to bring in higher tax revenues than anticipated, and Governor Newsom has proposed to save some of these higher revenues to fill an anticipated shortfall next fiscal year in FY 2027-28. As such, the Governor is claiming that the state’s fiscal situation is balanced for both FY 2026-27 and FY 2027-28. The Legislative Analyst’s Office (LAO) does not agree; the LAO finds that the state continues to be in a structural deficit and is calling for additional cuts to expenditures to bring the budget truly into balance.

On the bills front, VCE continues to support and engage on CalCCA’s two sponsored bills, as well as maintaining the “Oppose Unless Amended” position on AB 2383 (Zbur) regarding data centers and contracts. CalCCA’s sponsored legislation, AB 1761 (Rogers) to increase PCIA data transparency and SB 1138 to allow for Resource Adequacy to be traded on an hourly basis, both passed off their respective floors. The scrutiny on both bills will intensify now that they are in the “opposing” house and will be heard in policy committees once again. The engagement on AB 2383 has been productive, although the results are still not quite there as the bill language still limits the rate structure that a CCA board may adopt as it relates to data centers. That said,

conversations with the author and staff are trending in a direction that resolution seems within reach.

The legislative session concludes on August 31, a mere three months away and yet an eternity in terms of how Sacramento operates. 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 PUC 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 of the Power Charge Indifference Adjustment (PCIA) or any other resource or value included in the PCIA, is made available to load-serving entities and ratepayer advocates on behalf of customers.

Additional Information

- Next Hearing: The bill will be heard in Senate Energy, Utilities & Communications 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: Existing law requires the PUC, in consultation with the Independent System Operator, to establish resource adequacy (RA) requirements for all load-serving entities (LSE). This bill would require the PUC to authorize a LSE to demonstrate compliance with RA requirements by selling to, or otherwise making transactions with, another LSE to meet not more than 25% of its compliance obligations with contracts that are of a short-term duration, and to authorize those transactions to be in the same unit of time.

Additional Information

- Next Hearing: The bill will be heard on June 10, 2026, in Assembly Utilities & Energy 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: Existing law vests the PUC with regulatory authority over electrical corporations (IOUs) and to fix the IOUs' rates and charges so that those rates and charges are just and reasonable. This bill would require the PUC, 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, namely data centers, and has its own rate schedule, as specified. The bill would require any rate schedule adopted by the PUC for said facilities to meet specified requirements, including avoiding cost shifts between customers. This bill would require the PUC to require an IOU that is providing electricity service to a large energy use facility to enter into a contract with

the large energy use facility to meet certain requirements, including that the contract endure for 15 years minimum.

As amended on the Assembly floor, SB 2383 removed the provisions from the previous version that permitted the CPUC to interfere with CCA contracts and rate setting authority over large loads. This was the critical issue with which CalCCA, VCE and other CCAs took exception and was the basis for CCA opposition unless amended. While the amendments address this key issue, they present other issues that need fixing. CalCCA has been in constructive conversations with the author, and we are cautiously optimistic that the bill will be amended in the Senate to address these drafting concerns.

Additional Information

- Next Hearing: The bill will be heard in Senate Energy, Utilities & Communications 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: This bill, the California Technology Innovation and Ratepayer Protection Act, would require the PUC, 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 IOU tariff to nonparticipating customers, ensure that the IOU 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.

Additional Information

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

5. AB 1787 (Schultz) Dynamic Rate Option.

Summary: This bill would require the PUC to require an IOU, if the PUC approves the IOU's request to upgrade its smart meter infrastructure relative to infrastructure in place on January 1, 2026, to offer all its customers at least one dynamic rate option no later than one year after the upgraded smart meter infrastructure is anticipated to be placed into service, as specified.

There are some concerns that this bill would create additional challenges to CCAs obtaining data from IOUs, which is difficult enough as it is, whether for dynamic rates or other types of information sharing.

Additional Information

- Next Hearing: The bill will be heard in Senate Energy, Utilities & Communications Committee.
- VCE has yet to take an official position.
- CalCCA has yet to take an official position.
- Bill language: [AB 1787](#)