

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

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To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: July 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:

At long last the Legislature has adjourned for its monthlong summer recess and a collective exhale could be heard across downtown Sacramento. The end of June was a sprint of negotiations including proposed measures for the November ballot, the Fiscal Year 2026-27 budget, and legislation facing the July 2 deadline to pass through policy committees.

As it relates to ballot measures, energy policy or funding will not be a question posed to voters on November 3, but Californians will decide on several measures related to taxation at the local and state levels, a proposed \$11 billion housing bond, and the ability for the state to put more funds into reserves. All of these proposals have potential direct and or indirect impacts on clean energy and the ability to implement new policies or fund state programs.

Budget negotiations came down to the wire before landing on a \$351.7 billion state budget that contains record total reserves of \$35.2 billion. Much of the debate centered on ever-increasing tax revenues, and the anticipation of even more revenue following the initial public offering from California based companies like Open AI, versus increasing costs and a structural deficit that is expected to continue over the next few fiscal years. Governor Newsom focused on balancing the FY 2026-27 and FY 2027-28 budgets and the agreed-upon budget is supposed to accomplish this feat.

On the bills front, VCE continues to support and engage on CalCCA’s two sponsored bills and was pleased to remove its Opposed Unless Amended position and move to Neutral 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 unanimously passed through policy committees in the opposing house from which the measure started. These bills will next be heard in the second house appropriations committees, which is the point of the process where bills die more than any other

The Legislature will return from recess on August 3 and then sprint to the end as the legislative session concludes on August 31. Rumors persist that legislation may emerge to grant some relief to IOUs on their wildfire liability as well as an effort to extend the permits for the Diablo Canyon Nuclear Plan so that it may operate for an additional 20 years. 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 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: 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 in Assembly Appropriations 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: This bill would require the PUC, by January 1, 2028 to provide for a classification of retail electricity consumers that are large energy use facilities (primarily data centers) that is separate and distinct from classifications of service for other commercial or industrial retail electricity consumers and has its own tariff.

VCE had an Oppose Unless Amended position as the bill required CCAs entering into contracts with a large energy use facility to provide certain benefits that pertain to distribution or transmission service, such as wildfire mitigation. On June 15, the author amended the bill to bifurcate contract and tariff requirements regarding distribution and transmission service, as issued by the PUC, from requirements of generation service. Given the amendments, staff

worked through the expedited position taking process and moved to a Neutral position. CalCCA also removed its Opposition and moved to Neutral on the bill.

#### Additional Information

- Next Hearing: The bill will be heard in Senate Appropriations Committee.
- VCE removed its Oppose Unless Amended position and has taken a Neutral position.
- CalCCA removed its Oppose Unless Amended position and has taken a Neutral 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 Appropriations 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 were some concerns that this bill would create additional challenges to CCAs obtaining data from IOUs, but conversations between CalCCA and the author, as well as recent amendments have assuaged these concerns.

#### 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](#)