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: September 10, 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.

The 2025-26 legislative session has come to an end on Monday August 31 (mostly), and the conclusion was not short on drama. Governor Newsom made a hard push to reduce Investor-Owned Utilities' (IOUs) liability for the wildfires they start in a proposal that was ultimately, and unexpectedly, rejected by the Legislature. In addition, a last-minute budget-deal required the Legislature to once again return to the floor after the scheduled midnight end of the session, while data center bills passed just before the stroke of midnight.

CalCCA sponsored two bills this session, AB 1761 (Rogers)and SB 1138 (Padilla). Unfortunately, only AB 1761 was able to navigate the entire legislative process and get to the Governor's desk, while SB 1138 was held on the Assembly Appropriations Committee suspense file. AB 1761 (Rogers) seeks to increase PCIA data transparency and SB 1138 proposed to allow for Resource Adequacy to be traded on an hourly basis. Although SB 1138 was ultimately unsuccessful, the bill moved through the Senate and the Assembly Utilities & Energy Committee without a single "no" vote cast against it. Both bills enjoyed broad support from CCAs, cities, and climate organizations. CalCCA ran effective strategic campaigns in pursuing the two pieces of legislation.

Elsewhere on the Legislative front, CalCCA and VCE engaged on bills regarding data centers and contracts or tariffs for generation and distribution. In the end the authors of two main bills coordinated efforts that resulted in a set of bills to address data centers. VCE initially opposed AB 2383 (Zbur) unless it was amended and after the requested amendments were accepted, removed its opposition and took a neutral position. AB 2383 proposes new tariff rules for IOUs and CCAs to provide transmission, distribution, and generation services to data centers. SB 886 (Padilla) proposes new tariff rules for retail electric service at the transmission level. AB 2383 bifurcates the provisions for new tariff rules so that CCAs must follow the same criteria as those specified for the IOUs, but through their own regulatory authority, and not by rules established by the CPUC. Importantly, the language of AB 2383 makes clear that the California Public

Utilities Commission is not authorized to regulate the rates or terms and conditions of service offered by a CCA. Both bills are now in front of the Governor for his signature or veto.

Lastly, the end-of-session drama over IOU liability for the wildfires they are responsible for starting pitted the insurance industry, local governments, trial attorneys, and wildfire victims on one side with the IOUs, labor, and the California Building Industry Association on the other. Rumored for months, the Governor proposed in the final week of the session a bill to eliminate the ability for insurance companies to sue an IOU for wildfire claims (a process known as subrogation), reduce the amount of infrastructure damages and lost property tax revenue that local governments could sue an IOU for, and restrict attorneys' fees. Ultimately, everyone lost. The Legislature rejected the Governor's proposals related to the insurance companies and local governments and subsequently produced SB 492 (Becker & Petri-Norris), a last-minute deal introduced 72 hours before the end of the session. It would have limited attorneys' fees, set up a process to expedite payment to fire victims and tied IOU executive pay to several criteria related to wildfire safety. The bill was cast as a compromise, but Assembly Speaker Robert Rivas decided to not have the bill brought up in front of the Assembly on the final day of session; thus, SB 492 died. It is unclear whether Governor Newsom will call a special session to address wildfires, or punt the issue to the incoming governor to tackle.

The Governor has 30 days to sign or veto legislation that reached his desk. Looking further forward, the Legislature will convene the 2027-28 legislative session on December 7, 2026, at which time new legislators will be sworn in, and some bills will be introduced. The Legislature will then adjourn for winter holidays before resuming session in early January. The new governor will be sworn in on January 4, 2027.

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 has passed the Legislature and now awaits action from the Governor.
- 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 was held in the Assembly Appropriations Committee and is dead.
- 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 since the bill would have authorized the CPUC to establish the criteria that CCAs would be required to adopt in setting rates, service and tariffs for data centers. On June 15, the author amended the bill to bifurcate contract and tariff requirements regarding distribution and transmission service, as issued by the CPUC, from requirements of generation service. In its amended version, AB 2383 no longer put the CPUC in a position of regulating CCAs; the criteria applied to CCAs was separated from the CPUC-driven provisions specific to IOUs.

Additional Information

- Next Hearing: The bill has passed the Legislature and now awaits action from the Governor.
- 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 only to data centers that enter into a new interconnection agreement to receive retail electric service at the transmission level.

Additional Information

- Next Hearing: The bill has passed the Legislature and now awaits action from the Governor.
- 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 CPUC 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 was held in the Senate Appropriations Committee and is dead.
- VCE has yet to take an official position.
- CalCCA has yet to take an official position.
- Bill language: AB 1787