

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: October 14, 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), which continues to meet and discuss legislative matters. Below is a summary:

The Legislature concluded its 2025 regular session on September 13, 2025, a day later than previously planned. Governor Newsom, Senate Pro Tem McGuire, Assembly Speaker Rivas, and their respective staffs negotiated a package of climate and energy bills through the night of September 9 and into the morning of September 10 that required the Legislature to extend its session by an extra day. The six-bill package, which the Governor signed into law on September 19, 2025, includes two bills aimed at making electricity more affordable – AB 825 (Petrie-Norris) and SB254 (Becker).

Throughout the session, VCE kept a close eye on SB 540 (Becker), the bill proposing to allow California to join a new regional organization (RO), as proposed by the Pathways Initiative. In the final negotiations, AB 825 was amended to replace SB 540 and the bill to push this policy proposal through. The bill includes 13 individual provisions of what the RO must provide in terms of safeguards that the CAISO must show are satisfied in a public meeting as well as to the Legislature through committee hearings. Part of the process approval includes an authorization from the CPUC and California may not join the new RO until 2028. VCE did not take a position on SB 540/AB 825. CalCCA and several individual CCAs supported SB 540/AB 825.

VCE had previously taken an “oppose unless amended” position on AB 825 based on some of its previously proposed language. While the bill included provisions that VCE may have found useful, such as authorizing the public financing of transmission projects, the bill included a proposal to create a new taskforce, comprised of representatives from statewide agencies, to review and make recommendations on the effectiveness of demand side programs, including those funded solely by VCE ratepayers. CalCCA and many other CCAs took a similar “oppose unless amended” on AB 825. When most of the content of AB 825 were merged into SB 254 by Senator Josh Becker, the provision opposed by VCE and other CCAs was not included.

A bit more about SB 254 illustrates the focus on wildfire prevention and remediation this year. Before the flames had been extinguished, rumors had started that Southern California Edison (SCE) caused the devastating Eaton Fire that destroyed much of the City of Altadena. A key concern in Sacramento with the prospect that SCE had started the Eaton Fire is that the Wildfire Fund, the insurance pool shared by the three investor-owned utilities, would be depleted. Ensuring the survival of the Wildfire Fund became a primary focus of energy affordability. Therefore, SB 254's chief provision is an extension to 2045 and recapitalization of the Wildfire Fund. The second round of funding will come in at \$18 billion, split evenly between shareholders and ratepayers. In addition, SB 254 requires the IOUs to invest another \$6 billion in wildfire resilience projects (undergrounding, insulating, etc.) without a return on equity. The bill also creates Transmission Infrastructure Accelerator within the Governor's Office of Business and Economic Development with to create a financing and development strategy for eligible transmission projects. These projects can be funded with public financing instruments. CalCCA and several individual CCAs supported SB 254.

The remaining bills in the end-of-session package include AB 1207 (Irwin) extending the Cap and Trade Program (now named Cap and Invest), SB 840 (Limon) amending the expenditure plan for the Greenhouse Gas Reduction Fund, SB 237 (Grayson) to boost domestic petroleum supply chains, and SB 352 (Reyes) codifying the Department of Justice's Bureau of Environmental Justice.

VCE staff, the LRTG and PPG examined many other bills during the session, details of some of those bills are as follows.

1. AB 706 (Aguiar-Curry) Forest Organic Residue, Energy, and Safety Transformation and Wildfire Prevention Fund Act.

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 author held the bill in Senate Natural Resources & Water Committee and may resume the effort next session.
- VCE did not take an official position.
- CalCCA supports AB 706.
- Bill language: [AB 706](#)

2. 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 is on the Governor's desk awaiting his signature or veto.
- VCE did not take an official position.
- CalCCA supports SB 283.
- Bill language: [SB 283](#)

3. SB 541 (Becker) Load Shifting

Summary: This bill would require the Energy Commission, in consultation with specified entities, to analyze the cost-effectiveness of specific load flexibility programs and other types of load-shifting interventions and identify both the approximate amount of load shifting and the cost-effectiveness of each type of load-shifting intervention in the next update to the biennial integrated energy policy report after January 1, 2027, as provided. The bill would require the Energy Commission, as part of each integrated energy policy report, to estimate each retail supplier's load-shifting potential, giving consideration to certain factors, as specified. The bill would require the Energy Commission, on or before July 1, 2028, and biennially thereafter, to

analyze and publish the amount of load shifting that each retail supplier achieved in the prior calendar year.

Additional Information

- Next Hearing: The bill is on the Governor's desk awaiting his signature or veto.
- VCE did not take an official position.
- CalCCA opposes SB 541.
- Bill language: [SB 541](#)