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: November 12, 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.

Election day 2026 has changed the political landscape nationally and at the state level in California. With Democrats now in control of both the U.S. House and Senate, California is likely to face less headwinds on its clean air and energy pursuits. Votes are still being counted, but Xavier Becerra will be the next Governor of California and Democrats will maintain their supermajorities in both the state Assembly and Senate while several high-profile ballot measures appear destined to fail but have yet to be officially called, including Proposition 40 (billionaire's tax), Proposition 43 (increase threshold for voter-initiated local taxes), and Proposition 45 (CEQA streamlining).

As to Governor Elect Becerra and his energy policy priorities, little has been shared publicly other than his campaign proposal to create the California Power Hour. The Power Hour could provide up to two hours of free electricity every day for certain Californians who meet income and household size qualifications. The Power Hour would operate in the middle of the day and encourage Californians to shift demand to hours when solar energy is more available and before traditional peak demand hits in the late afternoon.

Preceding election day, the Assembly Utilities & Energy Committee had a busy few weeks as the committee held two informational hearings to discuss Investor-Owned Utilities' wildfire safety processes and how wildfire liability is increasing rates. The committee then joined the Assembly Insurance Committee for a joint informational hearing to dig into the ins-and-outs of subrogation. These informational hearings are a follow up to the failed attempt at the end-of-session to reduce IOU liability stemming from wildfires they ignite. The hearings are also a precursor to continued efforts to examine and potentially realign the IOUs' liability. With PG&E announcing that it will reduce its 2027 capital plan by about $2 billion, the 2027 legislative session will be focused on the IOUs' wildfire liability starting on day one.

Looking 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.