

VALLEY CLEAN ENERGY ALLIANCE COMMUNITY ADVISORY COMMITTEE

Staff Report – Item 8

TO: Community Advisory Committee

FROM: Mitch Sears, Chief Executive Officer
Yvonne Hunter, Legislative and Project Specialist

SUBJECT: Update on CalCCA sponsored bills for 2026 legislative session: AB 1761 (Rogers) and SB 1138 (Padilla).

DATE: March 26, 2026

RECOMMENDATION

Information only – no action requested

BACKGROUND

At a previous CAC meeting, staff briefed CAC members about two issues CalCCA will be addressing with legislation this year: improving PCIA transparency and lowering the cost of RA by allowing hourly transactions. The bills introduced to address those topics are: AB 1761 (Rogers) and SB 1138 (Padilla), respectively. Details about each bill are included in the attached summaries prepared by CalCCA.

AB 1761

- **What the bill does.** AB 1761 would increase the transparency of how the PCIA is calculated. According to CalCCA, “AB 1761 proposes amending the Public Utilities Code to require the CPUC and IOUs to disclose all data used to calculate PCIA costs, including cost inputs, forecasting assumptions, and methodologies. The bill would also ensure that when parties make proposals in a proceeding to change the PCIA they provide all the underlying data informing that proposal. Sensitive information would remain protected through Commission-approved nondisclosure agreements, a practice already used to protect sensitive information in other compliance areas.”
- **Status.** AB 1761 passed the Assembly Utilities and Energy Committee March 18 on a 15-0 vote. The bill was amended to primarily enhance confidentiality and protecting market sensitive data.

SB 1138

- **What the bill does.** SB 1138 addresses a challenge related to the slice-of-day requirement for RA that impacts all LSEs. According to CalCCA, SB 1138 would give LSEs, like VCE, “the flexibility to transact load obligations at the hourly level in order to reduce millions of dollars in unnecessary costs to consumers — without compromising reliability.”
- **Status.** SB 1138 is pending in the Senate Energy, Utilities and Commerce Committee; a hearing is likely in early April.

VCE POSITIONS -- Support

Both AB 1761 and SB 1138 are consistent with VCE's Legislative and Regulatory Platform, which includes the statements related to PCIA and Resource Adequacy.

Power Cost Indifference Adjustment (PCIA)

- *Support CalCCA efforts to increase the transparency of IOU electricity contracts and any other factors that provide the basis for PCIA charges that VCE (and its customers) and other CCAs must pay.*

Resource Adequacy

- *Support policies to create a transparent, cost-effective, functional central procurement process for residual Resource Adequacy needs.*
- *Support policies that would modify the RA waiver and penalty processes so that they more realistically reflect the constraints in the RA markets that CCAs and other Load Serving Entities face.*

The LRTG discussed the bills and adopted a support in concept recommendation.

Because of the tight legislative timeline, in order to effectively engage in advocating for the bills, staff utilized the Board approved expedited process in order to adopt a support position for AB 1761 and SB 1138 prior to CAC review and Board approval. Per VCE's process, the Board will ratify the support positions at its April meeting. VCE's [letters](#) are posted on VCE's website. A support letter for AB 1761 has been distributed and a support letter for SB 1138 is in process.

Attachment: CalCCA Fact Sheet for AB 1761 and SB 1138.

AB 1761: Improving Energy Bill Transparency

CalCCA is sponsoring [AB 1761](#), authored by Assemblymember Chris Rogers (D-Santa Rosa), which brings transparency to the way the Power Charge Indifference Adjustment (PCIA), a charge on nearly all energy bills, is calculated.

Background

Electricity bills in California are on the rise, in part due to challenging market conditions and outdated and inefficient regulatory policies. Families and businesses are feeling the impact. Lawmakers and regulators need practical, consumer-focused solutions that ensure customers do not pay more than their fair share.

One tool to ensure customers receive energy bills that are fair and accurate is increased transparency in how PCIA charges are calculated. The PCIA is a fee designed to ensure customers who leave utility generation service, like customers of a Community Choice Aggregator (CCA) or Energy Service Provider (ESP), pay their portion of legacy power costs. But since the PCIA was implemented, there has been no consistent standard for what data must be made available in any CPUC process or proceeding where the PCIA, or a related charge, is set.



Problem

CCAs, ESPs, and their customers must pay the PCIA charge but often lack access to the data, assumptions, and methods used to set it. This transparency problem leads to disputes, inefficiencies, and unexpected rate impacts for customers. More specifically:

- ✓ Disclosures vary by utility and by CPUC proceeding, resulting in repeated fights between CCAs and Investor-Owned Utilities (IOUs) over data access and increased administrative inefficiencies as the CPUC resolves disputes on a case-by-case basis.
- ✓ Utilities sometimes make mistakes. In a 2019 PG&E proceeding, CalCCA identified \$73 million in errors (including a \$16 million increase for CCA customers). In a recent proceeding, PG&E identified an accounting error that would have cost CCA customers \$217 million.
- ✓ In an ongoing PCIA Rulemaking, the Commission withheld information on the evidence underlying their proposal and the rate impacts of a proposed change. The CPUC did not respond to a Public Records Act request for the information.

Without adequate transparency, CCAs and ESPs are unable to verify the accuracy of the PCIA charges that their customers must pay and cannot confidently forecast rate — both of which are affordability tools needed to protect customers from unexpected rate increases.

Solution

AB 1761 proposes amending the Public Utilities Code to require the CPUC and IOUs to disclose all data used to calculate PCIA costs, including cost inputs, forecasting assumptions, and methodologies. The bill would also ensure that when parties make proposals in a proceeding to change the PCIA they provide all the underlying data informing that proposal. Sensitive information would remain protected through Commission-approved nondisclosure agreements — a practice already used to protect sensitive information in other compliance areas.

Greater transparency allows CCAs and ESPs to better advocate for their customers and assess proposals to change the PCIA. It also can inform cost forecasts and shield customers from sudden rate swings. It reduces repeated fights over information, improves regulatory efficiency, and encourages utilities to verify calculations since the underlying data would be open to review. Costs to implement the proposal are miniscule, as most of this information already exists, while the benefits for rate, accuracy, stability, and consumer protection are substantial. This proposal strengthens confidence that customers pay their fair share — and not more.

For more on the PCIA go to: <https://cal-cca.org/pcia/>.

SB 1138: Lowering the Cost of California's RA Program

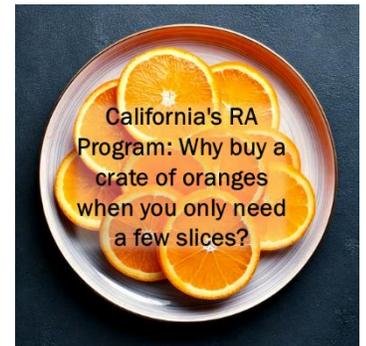


CalCCA is sponsoring [SB 1138](#), authored by Senator Steve Padilla (D-San Diego), so that California's load serving entities (LSEs) have the flexibility to transact load obligations at the hourly level in order to reduce millions of dollars in unnecessary costs to consumers – without compromising reliability.

Background

At a time of rising electricity bills and challenging market conditions, California's resource adequacy (RA) program is transitioning to a new Slice-of-Day (SOD) framework. Previously, LSEs (community choice aggregators, investor-owned utilities and energy service providers) were required to meet a monthly RA obligation using resources accredited with a monthly RA contribution. In the new SOD framework, LSE obligations are based on the 24 hours of the peak day in each month. LSEs must show resources sufficient to meet load obligations in each hour, including excess resources to charge storage on the peak day.

Under existing rules, LSEs are restricted in how they can transact with other entities to ensure compliance. Adjustments to an LSE's portfolio are limited to transacting product for the whole month even though obligations are unique to each hour. This mismatch means LSEs must purchase more RA than they need to meet their obligations, creating artificial market scarcity and unnecessarily driving up RA demand (and prices). It's akin to having to buy a crate of oranges when you only need a few slices. The net result is tens of millions of dollars in unnecessary costs that fall to California ratepayers.



Problem

During the SOD transition, LSEs submitted portfolios of resources to meet hourly obligations for a 2024 test year and for the binding 2025 year-ahead requirements. From these submittals, CalCCA observed that individual LSEs were short in some hours, requiring them to purchase additional RA resources to meet requirements, while other LSEs had excess capacity in those hours. Trading between LSEs would be sufficient to meet reliability requirements without needing to purchase additional RA.

From this early experience, it is apparent that restrictions on trading create artificial market scarcity and unnecessarily drive-up demand for already scarce RA products. LSEs have been penalized for non-compliance even though other LSEs showed excesses that could cover their shortages in the non-compliant hours.

Solution

At a time of rapidly rising costs in the electricity sector, policymakers should provide LSEs maximum flexibility in how they contribute their fair share to keep the overall system reliable. SB 1138 would lower the costs to consumers of California's RA trading program by allowing LSEs to transact RA load obligations on an hourly basis to align with the new slice-of-day RA program.

With hourly load obligation trading, an LSE that has excess resources in an hour could offer to take on a share of the obligation of an LSE that is short in the same hour. By trading load obligations, LSEs could avoid **\$105 million** in purchases of excess RA resources for the summer of 2025. This reduction in RA demand puts downward pressure on RA prices for all California LSEs, potentially reducing RA costs by an additional **\$77 million** per year.

Benefits

Enabling hourly load obligation trading:

- ✓ Promotes efficiency: LSEs with excess resources in one hour could trade with LSEs that are short, reducing the need to purchase additional RA.
- ✓ Delivers affordability: In 2025, hourly trading could have lowered RA costs for consumers by avoiding \$105 million in excess RA purchases for summer 2025 and potentially saving an additional \$77 million annually.
- ✓ Maintains LSE Responsibility: Creates a new procurement product rather than offering relief from meeting existing requirements.
- ✓ Requires limited administrative oversight: Trades can be executed bilaterally with existing RA tracking tools, making the system administratively simple while maintaining each LSE's full responsibility to meet obligations.