

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 8**

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To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative End of Session Update – Pacific Policy Group

Date: October 8, 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.

The 2025-26 legislative session concluded on September 1, 2026, the second year in a row that that session concluded a day later than planned. The final days of session focused on Governor Newsom's 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.

CalCCA sponsored two bills this session, AB 1761 (Rogers) and SB 1138 (Padilla). Unfortunately, neither bill proved successful in becoming law. AB 1761 was able to navigate the entire legislative process; however, Governor Newsom vetoed the bill. In his veto message, Governor Newsom stated that he is "concerned that this legislation will result in improper dissemination of market sensitive information and benefit a limited subset of market participants." It is important to note that AB 1761 included provisions to protect market sensitive information, per existing CPUC requirements. SB 1138 was held on the Assembly Appropriations Committee suspense file.

Elsewhere on the Legislative front, CalCCA and VCE engaged on bills regarding data centers. In the end, Assemblymember Zbur and Senator Padilla coordinated their efforts that resulted in a set of bills to address data centers. VCE, and CalCCA, 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. Governor Newsom signed both bills as part of a package of legislation on data center development.

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. In the initial aftermath, rumors spread widely that the Governor would call a special session but those have all but vanished. In addition, Assembly Utilities & Energy Committee Chair Cottie Petrie-Norris has publicly stated that she will hold informational hearings on the topic, but so far, no hearings have been scheduled. This issue will surely resurface in 2027.

Looking forward, the November election in which Californians will select a new Governor is the most prevalent conversation. While the polls indicate Democrat Xavier Bacerra as the front runner, nothing is certain in this topsy-turvy political climate. Observers are waiting and pondering details about Mr. Bacerra's potential energy policies, as well as those of his opponent, Republican Steve Hilton. Regardless, in 2027 we will enter a new legislative session with unknown and familiar policies competing for our attention.

Looking a bit farther 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.