

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

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: February 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:

California’s Legislature reconvened on January 5, 2026, beginning the second year of the 2025-26 legislative session. For some, the year started a sprint as legislators moved certain two-year bills out of the house of origin by January 31. For most, January was a time to prepare for the introduction of new legislation, but very few bills have been made public at this time. Legislators have until February 20 to introduce bills for consideration in 2026 and the decision last year by leadership in both houses to reduce the number of bills to 35 that each legislator may author is making some impact. Most legislation introduced so far has been in “spot bill” or “intent bill” form where the bill is seeking to carve out a certain policy space but does not have substantive language or detail for VCE make an informed decision on how to engage at this time. Legislators will have to amend these types of bills early in March to get a referral to a policy committee and continue to advance through the process. It is anticipated that policy committees will begin hearing bills in early to mid-March with the most intense period of hearings occurring the latter half of April.

In addition to the activity on legislation, January marks the first step in crafting the state’s next budget. A significant deficit of \$18 billion had been projected by the Legislative Analyst’s Office (LAO) but Governor Newsom’s proposed budget surprised many with a mere \$2.9 billion deficit figure. The Governor and Department of Finance believe that the better than anticipated tax revenue driven by record highs in the stock market thanks to the AI boom will continue to drive capital gains and income tax collections that exceed previous forecasts. While the budget situation for Fiscal Year 2026-27 is roughly balanced, according to the Governor, the same cannot be said for Fiscal Year 2027-28, of which the Governor projects a \$20 billion deficit. When the Governor releases his budget revision in May, the May Revision, it is anticipated there will be a plan to balance the FY 2027-28 budget as well, which could drastically change negotiations in the budget and on legislation.

Lastly for January, it was a month to digest the carousel of movement in the Senate as it relates to committee chairs and members. Most significantly for VCE, out as chair of the Senate Committee on Energy, Utilities and Communications is Senator Josh Becker (Menlo Park), and in is Senator Ben Allen (Santa Monica). Elsewhere, Senator Sabrina Cerbantes (Riverside) steps in as chair for the Senate Appropriations Committee and Senator Angelique Ashby (Sacramento) takes over as Majority Leader.