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## ITEMS FOR DISCUSSION

### 0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ)

**Issue 1: Proposition 4 Climate Bond Expenditure Plan for Clean Air and Energy**

**Governor’s Proposal.** The Governor’s budget includes \$322.5 million from Proposition 4 bond funds to support the California Transmission Accelerator Revolving Fund (CTARF) and implement SB 254 (Becker, Chapter 119, Statutes of 2025).

**Background.** SB 254 (Becker, Chapter 119, Statutes of 2025) established the California Transmission Infrastructure Accelerator (TIA) at the Governor’s Office of Business and Economic Development (GO-Biz), to provide a new pathway for financing electrical transmission projects. The CTARF is intended to provide low-cost public financing to eligible transmission projects, and structured as a revolving fund, meaning recipients must repay the funds back to CTARF, so that it can be used for other transmission projects.

Whereas the program staff at the Energy Unit at GO-Biz is charged with coordinating with other state agencies to create a strategy for financing and developing transmission projects and establishing the TIA to identify and facilitate the development of financing opportunities for eligible transmission projects, SB 254 authorizes the California Infrastructure and Economic Development Bank (IBank) to administer the financing mechanisms needed to fund the chosen transmission infrastructure projects.

Electrical transmission lines are a critical part of the grid, and transport energy from power generation sources to homes and businesses. These lines are typically owned and operated by investor-owned utilities, publicly owned utilities, and/or private third-party transmission owners. Transmission projects typically require years to plan, develop, and construct as well as significant financing. Transmission is a growing cost category on electricity utility bills and likely to continue to increase given estimates in the CAISO’s 20 Year Transmission Outlook of \$45 to \$63 billion in costs related to transmission development to support the state’s 2045 zero carbon and renewable energy goal.

The intent of CTARF is to lower these financing costs, to ensure greater energy affordability for ratepayers, by utilizing more affordable public financing and negating the need for investor-owned utilities (IOUs) to charge around 10 percent equity return on every dollar spent on transmission. This mitigates ratepayer impact since these costs are recoverable from the ratepayer. According to GO-Biz and IBank, the State of California rating is superior to most utility companies, apart from the Sacramento Municipal Utility District (SMUD—meaning public financing should lower the cost of debt for building out transmission infrastructure. Further savings are possible, if the CTARF receives a superior standalone credit rating compared to the state, which is the case with IBank’s Infrastructure State Revolving Fund.

	State of California	PG&E	SCE	SDG&E	LADWP	SMUD
S&P	AA- /stable	BB/ positive	BBB- / negative	BBB+ / stable	A / negative	AA/ negative
Fitch	AA /stable	BB+ / stable	BBB / negative	BBB+ / stable	AA- / negative	AA/ stable

CTARF currently has two funding sources: (1) \$325 million from Proposition 4 and (2) five percent of revenue from electrical corporation consigned allowances, allocated by AB 1207 (Irwin, Chapter 117, Statutes of 2025). Based on historical amounts of consigned allowances from utilities, approximately \$120 million could be deposited into CTARF; however, CARB is currently revising the Cap-and-Invest regulations which could change any expected amounts that would be deposited into CTARF.

From these funds, IBank requests seven limited-term positions and operating expenses, such as municipal, legal, and technical consulting services—supported by \$3.6 million from the CTARF, through 2030-31. Concurrently, GO-Biz requests three limited-term positions and operating expenses supported by \$4.2 million CTARF in 2026-27, decreasing to \$826,000 annually through 2030-31. This funding request is proposed to come out of the second pot of funding—the five percent of revenue from electrical corporation consigned allowances, not Proposition 4 bond funds.

GO-Biz and IBank are in the initial stages of developing CTARF and TIA, as this is a brand-new endeavor at the state level. For example, the departments are still considering how financing should be structured. The most standard financial assistance would be to provide direct loans to eligible developers. However, CTARF could also provide financial assistance through more complex loan mechanisms, such as a loan loss reserve, which provides partial risk coverage to lenders and covers a specified amount of loan losses. According to the departments, \$325 million in a loan loss reserve could ensure a successful \$3 billion bond raise starting in the year when the bond issue is taken to market and held in trust until final bond maturity, stretching the Proposition 4 bond funds further. Other alternatives include providing a financial guarantee, purchasing insurance, or providing a surety bond. These are factors both GO-Biz and IBank will consider as they engage with transmission project developers and develop the strategy for financing and developing projects.

If the budget request is approved, GO-Biz and IBank anticipates staffing up and hiring consultants, complete the financing and development strategy plan, and create program guidelines through the end of 2026 and the first half of 2027. SB 254 requires the CTARF and TIA to be aligned and integrated into the California Independent System Operator (CAISO) Transmission Planning Process (TPP) cycle, and the next cycles will initiate May 2027, May 2028, and March 2030. According to the departments, the earliest they could approve financing for projects would be for the May 2027 cycle—however, it is largely variable, depending on availability of administrative funds, hiring processes, among other issues.

**Staff Comments.** This budget proposal would effectively appropriate the entirety of the public transmission financing component of Proposition 4 bond funds—as such, it is important for the Legislature to conduct proper oversight this year, as there will not be additional substantial bond funds to appropriate for this purpose under Proposition 4. In passing SB 254, the Legislature has provided significant guidance in how GO-Biz and IBank should structure the program. However, because this type of alternative public financing for transmission projects is a relatively new concept in California, there are still several key policy decisions the departments will make in implementation of the program in the coming months, such as how specifically the financing mechanism will be structured and how quickly the program can engage in transmission project development statewide. As such, the Legislature may want to consider whether this proposal aligns with the direction given in SB 254, or if further direction is needed, how GO-Biz and IBank can consistently engage with the Legislature and stakeholders on a transparent and timely basis, and how the CTARF and TIA will work towards actualizing ratepayer savings and protecting state funds.

**Staff Recommendation.** Hold open.

**3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION**  
**8660 PUBLIC UTILITIES COMMISSION**

**Issue 2: Emergency Demand Response Trailer Bill Language**

**Governor’s Proposal.** The Governor’s budget includes two trailer bill language proposals to fund and establish emergency demand response programs at the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC).

- **Authorize Distributed Electricity Backup Assets (DEBA) Program Funding for the Demand Side Grid Support (DSGS) Program.** This proposal would shift funding originally appropriated for DEBA in 2021 shall also be available to be used for the DSGS. Currently, approximately \$22 million General Fund remains for DEBA and \$30 million (primarily Greenhouse Gas Reduction Fund) remains for DSGS. The Administration proposes to consolidate these funds for the DSGS program for the summer of 2026.
- **Emergency Load Flexibility Funding.** This proposal would revert the interest generated in the School Energy Efficiency Stimulus Program Fund to each electrical corporation proportional to their share of the state’s electrical load to fund the Emergency Load Reduction Program, or an equivalent cost-effective emergency load reduction program, at the CPUC for use of the summers of 2027 and 2028. There is roughly \$70 million in interest funds currently in the School Energy Efficiency Stimulus Program Fund, which funded the California School Healthy Air, Plumbing and Efficiency Program (CalSHAPE).

**Background.** In recent years, the Legislature has approved several significant budget proposals to bolster energy reliability across the state, including appropriating funds for emergency demand response programs, such as DSGS and DEBA. Whereas DEBA supported distributed energy assets, such as upgrades and capacity additions to existing bulk grid power generators, that would serve as on-call emergency supply or load reduction for the state’s electrical grid during extreme events, DSGS funded incentives to electric customers that provide load reduction and backup generation to support the state’s electrical grid during extreme events, reducing the risk of blackouts. The intent of these programs is to support increasing capacity and flexibility in times of peak energy need.

*Shifting from DEBA to DSGS.* The Administration proposes to shift the remaining funds for DEBA to DSGS to ensure the DSGS program is sufficiently funded for the upcoming summer season. DSGS funding needs are more time sensitive than DEBA, as the expenditures are concentrated on an annual basis during the peak summer months. Currently, the remaining DSGS funds—\$30 million—is likely not sufficient for the 2026 program, as the 2025 program incurred an estimated \$54 million:

Total Funding Authorized for DSGS	\$109.5M
2022 Expenditures	\$8.0M
2023 Expenditures	\$3.2M
2024 Expenditures	\$14.3M
2025 Expenditures	~\$54.0M (estimated)
Remaining Funding	~\$30M

These remaining DEBA funds—approximately \$22 million—were originally awarded to projects that have since fallen out, either stalled during the California Environmental Quality Act (CEQA) review phase of the projects or paused due to withdrawn federal funds.

*Demand Response in the Long-Term.* For the following summers of 2027 and 2028, the Administration proposes to use the interest generated in the School Energy Efficiency Stimulus Program Fund, which funded CalSHAPE to fund the Emergency Load Reduction Program (ELRP), or an equivalent cost-effective emergency load reduction program, at the CPUC. CPUC currently has an active proceeding regarding demand response. The proposed language is written broadly to potentially encompass a new emergency load reduction program, as CPUC may develop a new program as a result of this proceeding, potentially in the second half of 2026. In addition, the Administration proposes to shift the existing enrollees in the DSGS program to ELRP, or a comparable program, so that moving forward, the state’s approach to demand response can be concentrated at the CPUC. This is primarily because of funding sustainability—whereas DSGS has largely been funded from the General Fund and Greenhouse Gas Reduction Fund, ELRP is ratepayer-funded and managed by IOUs. As such, under this proposal the CalSHAPE interest funds would provide initial funding for ELRP, or another comparable program, but in the long-term, the program(s) will likely be ratepayer-funded.

*CalSHAPE.* AB 841 (Ting, Chapter 372, Statutes of 2020) established the California School Healthy Air, Plumbing, and Efficiency Program (CalSHAPE) to fund appliance, plumbing and heating, ventilation, and air conditioning (HVAC) upgrades in local schools, as a response to the COVID-19 pandemic. CalSHAPE was funded from IOU ratepayer funds from 2021-2023, but it is no longer being funded. CalSHAPE includes two grant programs: plumbing and ventilation.

- The plumbing program provides funding for local educational agencies (LEA) and state agencies to replace aging and water inefficient plumbing fixtures and appliances with water-conserving plumbing fixtures and appliances.
- The ventilation program provides funding for LEA to assess, maintain, repair, and replace ventilation systems in schools.

The CEC has awarded approximately \$769 million in grants to 647 LEAs, two California State University campuses, and one community college. This will support 1,114 projects at 4,917 sites (49 percent of all school sites in the state).

<b>Total number of Grant Awarded and Paid as of 02/04/2026</b>			
<b>IOU</b>	<b>Number of School Sites Awarded Grants</b>	<b>Amount of Awarded Grants</b>	<b>Amount Paid</b>
PGE	2,940	\$283,753,655.26	\$172,636,364.39
SCE	2,536	\$397,243,936.20	\$202,723,240.95
SCG	75	\$2,985,218.53	\$1,704,927.45
SDGE	626	\$85,620,704.86	\$47,595,228.49
<b>Total</b>	<b>4,917</b>	<b>\$769,603,514.85</b>	<b>\$424,659,761.28</b>

CEC froze all CalSHAPE applications on July 1, 2024. This is in part because legislation and other departmental reports focusing on energy affordability proposed to revert CalSHAPE funds to ratepayers earlier. In 2025, the Administration proposed in the May Revision a trailer bill language that required any funds allocated to CalSHAPE that are unencumbered as of July 1, 2025, be reverted and returned to the electrical corporation or gas corporation and used to reduce ratepayer charges that support the Emergency Load Reduction Program, or any other existing utility emergency grid reliability, load flexibility, or demand reduction program. Ultimately, the 2025 Budget Act did not adopt this language, and therefore, the funds remain in the CalSHAPE program. Currently, the unencumbered funds by IOU are as follows:

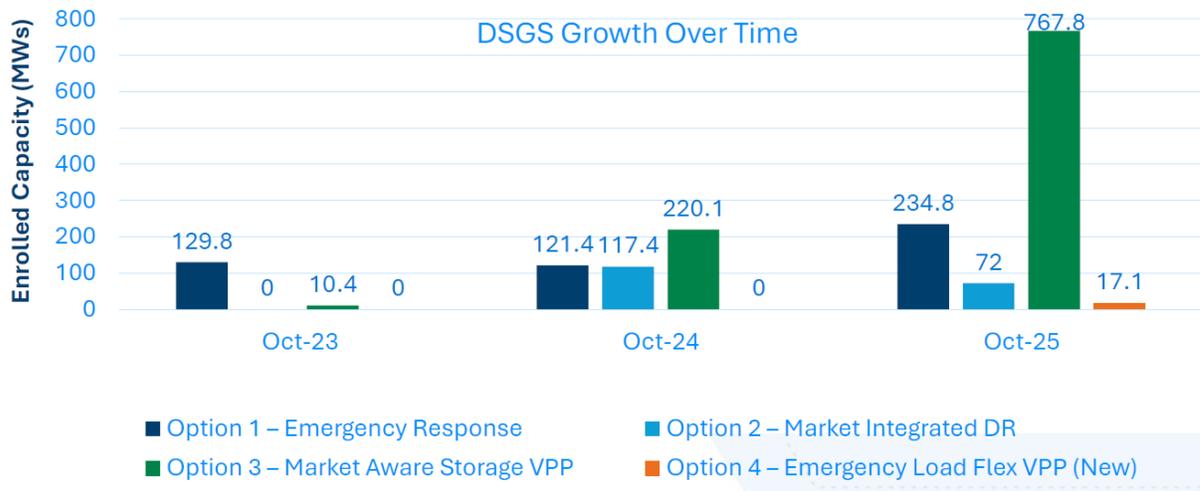
IOU	Unencumbered Remaining Funds
PG&E	\$25,200,137.41
SCE	\$69,207,590.66
SCG	\$72,605.47
SDG&E	\$99,756,816.62
Total	\$194,237,150.16

Under existing law, these unencumbered funds will return to ratepayers by December 1, 2026, unless otherwise spent. These returns would result in savings of \$2 per month for one year for San Diego Gas & Electric ratepayers, \$1.25 per month for one year for SoCal Edison ratepayers, and \$0.20 per month for one year for Pacific Gas & Electric ratepayers.

**Staff Comments.** DSGS has largely been a successful energy reliability program, providing clean, dispatchable emergency capacity in times of need. It has steadily grown in the last several years: at the start of the 2025 program, DSGS had over 780 MW of capacity enrolled—however, by the end of the 2025 program, DSGS had an estimated 1,145 MW enrolled based on provider estimates, enough to power the peak electricity demand for all of San Francisco.



## Growth in DSGS Enrolled Capacity



In contrast, ELRP has enrolled roughly 190 MW in total. Residential ELRP is shown separately, because that sub-group was discontinued after December 2025 due to very low cost-effectiveness.

	October 2023	October 2024	October 2025
Residential ELRP	96 MW	76.06 MW	37.96 MW
All other sub-groups	265 MW	197.99 MW	151.93 MW
Total ELRP	361 MW	274.05 MW	189.89 MW

There are several perspectives on why the discrepancy in enrollment between ELRP and DSGS is so stark. Several stakeholders have reported that it is because of (1) the rigidity of the program and (2) the high administrative cost and complexity. On the first point, DSGS has a lower activation threshold and can be dispatched before grid emergencies escalate. In addition, DSGS can be deployed when electricity prices surge due to excess demand. In contrast, ELRP can only be triggered during emergency conditions (Stage 2 or 3 alerts), which are rare and limit the opportunity for participation and grid impact. On the second point, the administrative overhead is lower under DSGS, as it is one statewide program with a single set of program rules, allowing providers to aggregate customers across utility territories with a single set of program management practices. In comparison, ELRP requires each utility to stand up and administer its own program, increasing cost and complexity. Each IOU has its own version of rules and forms and requires each program participant to enroll customers separately. Stakeholders have reported ELRP enrollment processes have been significantly more burdensome, making it difficult to grow. These concerns could be potentially addressed in the CPUC rulemaking—however, the Legislature will likely not have information on any new demand response program prior to the conclusion of the 2026 budget process.

Furthermore, there is stakeholder interest in extending CalSHAPE, so that the remaining funds of roughly \$194 million can be used for HVAC upgrades in schools. According to these stakeholders, the remaining CalSHAPE funds exist, not because of a lack of demand to repair aging and efficient HVAC systems, but because of the premature freeze on applications in July 2024. As such, they have requested CEC to reopen applications to CalSHAPE and the Legislature to extend the program, so that schools have more time to finish and fund these important projects.

**Staff Recommendation.** Hold open.

## 3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

### Issue 3: SB X1-2 and AB X2-1 Implementation

**Governor’s Proposal.** The Governor’s budget includes two proposals to implement SB X1-2 (Skinner, Chapter 1, Statutes of 2023) and AB X2-1 (Hart, Chapter 1, Statutes of 2024).

- Division of Petroleum Market Oversight: Petroleum Market Transition.*** The Governor’s budget includes \$173,000 ongoing from ERPA to convert one temporary position to a permanent one to support analysis of data sets utilized for the implementation of AB X2-1 (Hart, Chapter 1, Statutes of 2024) at the Division of Petroleum Market Oversight (DPMO). DPMO was created by SB X1-2 (Skinner, Chapter 1, Statutes of 2023) with the responsibility for providing independent market oversight, investigations, economic analysis, and policy recommendations in support of California’s clean transportation transition. This currently temporary position is responsible for cleaning, tabulating, synthesizing, and analyzing large data sets, which are either submitted to the CEC under the Petroleum Industry Information Reporting Act (PIIRA) or to DPMO as part of its law enforcement and market oversight work. According to CEC, as DPMO’s enforcement and market oversight work has developed since its inception, the amount and complexity of data sets has increased over time. As such, DPMO requests to convert one temporary Research Data Specialist II position to a permanent one to continue analyzing key data sets.
- Petroleum Market and Supply Research.*** The Governor’s budget includes \$1.7 million ongoing from ERPA for seven positions and contract resources to implement AB X2-1, which requires the CEC to assess how refiners’ fuel, feedstock, and blending component inventories affect transportation fuel prices and authorizes regulations mandating minimum inventory levels. More specifically, ABX2-1 requires CEC to develop regulations and impose requirements for refiners to maintain minimum inventories; adds an annual reporting requirement; and expands the scope of the Transportation Fuels Assessment. In the last couple of years, these activities have been supported using existing staff and contracts. However, this request is to address the longer-term resource needs to ensure the department can meet statutory timelines and reduce implementation delays.

**Staff Comments.** California is a leader in tackling climate change, and places a significant focus on reducing emissions, particularly in the transportation sector, the largest source of greenhouse gas emissions. As a result, transportation fuels consumption in the state has significantly declined in the last several years, as the transportation sector shifts from gasoline and diesel fueled vehicles to more efficient vehicles. Though the transition is under way, it is nowhere complete. Transportation fuels remain an important piece of the state’s economy—the price of gasoline impacts the cost of living for many Californians, fuels taxes fund transportation infrastructure both statewide and locally, and the oil and gas sector employ thousands of Californians.

In response to record-setting gasoline prices in 2022, SB X1-2 (Skinner, Chapter 1, Statutes of 2023) incorporated several policies to address gasoline supply and pricing, including the authority for the CEC to establish a maximum gross refining margin and penalty, enhanced reporting requirements across the entire transportation fuels sector, and the creation of a new Division of Petroleum Market Oversight. AB X2-1 soon followed, and authorized the CEC, if necessary and justified, to increase transportation fuel supply through various actions; principally, by authorizing the CEC to develop requirements on refiners to maintain resupply plans to cover production loss during maintenance events, and to maintain minimum levels of inventories. These efforts combined have attempted to address volatile price spikes of gasoline and create greater transparency in the opaque and complex petroleum market.

However, since the passage of SB X1-2 and AB X2-1, there has been a greater focus on stabilizing transportation fuels supply in the state, especially in light of recent refinery closures. In October 2024, Phillips 66 announced plans to cease operations at its Los Angeles-area refinery, which supplied roughly 8 percent of the state's existing gasoline refining capacity, in the fourth quarter of 2025. In April 2025, Valero announced its intent to idle, restructure, or cease refining operations at Valero's Benicia Refinery, which supplied roughly 9 percent of the state's existing gasoline refining capacity, by the end of April 2026.

As a result, CEC implementation of SB X1-2 and AB X2-1 has shifted as well. For example, the CEC has paused its implementation of a maximum gross gasoline refiner margin and penalty. As the Legislature considers these budget proposals to continue the work of petroleum market oversight at CEC and the implementation of SB X1-2 and AB X2-1, it may want to better understand how the Administration proposes to manage this transition towards decarbonization and implement a holistic transportation fuels transition strategy. Specifically, SB X1-2 required CEC and the California Air Resources Board, on or before December 31, 2024, to prepare a Transportation Fuels Transition Plan to explore how to ensure the supply of petroleum and alternative transportation fuels is affordable, reliable, equitable, and adequate to meet the demand. This report remains unsubmitted—overdue by over a year. The Legislature may want to consider withholding action on these items until this report is submitted.

**Staff Recommendation.** Hold open.

## 8660 PUBLIC UTILITIES COMMISSION

### Issue 4: Cap-and-Invest Implementation (AB 1207)

**Governor’s Proposal.** The Governor’s budget includes \$2.2 million from the Greenhouse Gas Reduction Fund (GGRF) ongoing for seven positions to implement the updated regulations and program requirements for the reauthorized Cap-and-Invest program, consistent with AB 1207 (Irwin, Chapter 117, Statutes of 2025). Specifically, the funding would support CPUC’s implementation of a requirement that instead of the current twice-yearly rebate, the California Climate Credit instead be provided to electric residential customers of IOUs “in no more than four high-billed months of each year to maximize customer electric bill affordability, or as otherwise directed by the commission to address extreme, unforeseen, and temporary circumstances.” In addition, CPUC requests \$756,000 annually for an external contract to conduct targeted outreach across various customer groups, receiving different levels of benefits to promote awareness for how program improvements impact customer bills and improve energy affordability.

**Background.** According to the LAO:

***Cap-and-Invest Program Aims to Limit the State’s Overall Emissions Through a System of Allowances.*** Since the cap-and-invest program was created through the passage of Chapter 488 of 2006 (AB 32, Núñez), it has served as one of the state’s core policies intended to help it achieve its ambitious greenhouse gas reduction goals. The program establishes a “cap” on aggregate emissions through the issuance of a limited number of permits to emit, also known as allowances.

***State Gives Away Roughly Half of Available Allowances.*** Under current regulations, the California Air Resources Board (CARB) sells about half of the cap-and-invest allowances at quarterly auctions and the revenues are deposited into GGRF. The state gives away the remaining half of these allowances for free to industrial facilities, electric utilities, and natural gas suppliers.

***Electric Utility Allowances Are Intended to Benefit Consumers.*** Electric utilities typically receive roughly one-quarter of the total number of annual allowances issued by CARB. These free allowances are intended to protect electric consumers from significant cost increases associated with the program. To that end, utilities are required to consign most of these free allowances to auction and use the proceeds to provide rebates to consumers, known as the “California Climate Credit.” These rebates currently are provided to residential customers each year in April and October. The amounts of these twice annual rebate amounts vary by utility, ranging from about \$36 to \$50 per residential customer for the three largest IOUs in the state.

***AB 1207 Extended and Modified the Cap-and-Invest Program.*** In September 2025, the Legislature adopted AB 1207, which extended the cap-and-invest program through 2045. Assembly Bill 1207 also made various changes to the program, including to the California Climate Credit. It tasked CPUC with helping to effectuate some of these changes, as discussed below. (For more information on recent changes to the cap-and-invest program, see our December 2025 publication, [Overview of New Updates to the Cap-and-Invest Program](#).)

**LAO Assessment.**

***Proposal Includes Activities That Appear to Go Beyond Statutory Requirements.*** In our view, CPUC could take a simple approach to implementing AB 1207’s changes to the California Climate Credit. For example, CPUC could elect to only change the specific months in which the credits are provided—switching them from April and October to four typically high-billed months (such as June, July, August, and September). (We note that many electric utilities charge higher rates during these four summer months, as they tend to be associated with higher electricity usage.) Instead of opting to take this simple approach, however, CPUC is proposing to implement a more complex methodology. Specifically, it proposes to undertake assessments of whether credits should be provided differentially based on various potential factors—such as climate zones, household income levels, and utility service territories—as well as whether they should be allocated volumetrically rather than as fixed amounts. (A volumetric rebate would be based on the amount of electricity used.) CPUC then envisions implementing a new credit structure based on the results of its assessments. As CPUC expects this new structure is likely to include credits that vary in size across different customer segments, it proposes to provide additional outreach—beyond typical efforts already conducted by the IOUs—to communicate its new, more complex and segmented approach to the public. CPUC also envisions needing to make ongoing adjustments to the structure of the credits over time. CPUC indicates it believes this more complicated approach is required by the statute’s direction “to maximize customer affordability.”

***CPUC’s Proposed Approach to AB 1207 Implementation Raises Important Policy Choices...*** Assembly Bill 1207 does not make it clear how, if at all, the Legislature would like the California Climate Credit to vary based on factors such as geography or income, nor whether the Legislature would prefer the credits to be provided as fixed payments or volumetrically based. Choices about how to distribute these credits have important implications, as they will affect the allocation of rebates that could be worth tens of billions of dollars in total through 2045. Given the high stakes involved, it will be important for the Legislature to consider whether it is comfortable with deferring decisions on the structure of the credits to CPUC, as is envisioned in this proposal, or whether it would like to provide CPUC with further statutory direction to guide its approach.

***...And Also Presents Funding Trade-Offs.*** We expect that minimal, if any, new resources would be required for CPUC to undertake a simple approach to implementing AB 1207. However, the commission estimates needing significantly more resources—seven ongoing positions and a consulting contract—to implement its proposed, more complex approach. In light of the state’s budget condition—and as we discuss in greater detail in our recent publication, [The 2026-27 Budget: Framework for Approaching the Natural Resources, Environmental Protection, and Agriculture Budget](#)—we recommend the Legislature apply a very high bar to its review of new proposals. Moreover, we note that this specific request is proposed to be funded from the state operations category of GGRF. We suggest the Legislature be particularly cautious about making new commitments from this funding source, as it leaves less funding for GGRF expenditures, including statutorily identified programs and providing General Fund relief. (We discuss the specific considerations that apply to GGRF state operations in our recent publication, [The 2026-27 Budget: Cap-and-Invest Expenditure Plan](#).)

***Regardless of Preferred Approach, Weak Rationale for Ongoing Resources for CPUC’s AB 1207 Implementation.*** Even if the Legislature would like CPUC to analyze and administer a more complex California Climate Credit and finds that this approach is a high priority for limited state funding, we think that the workload should largely be short term in nature. In our view, making significant changes to the basic structure of the credit on a regular or ongoing basis is problematic. This is because frequent changes to the approach could increase customer confusion and make bills more unpredictable. While we expect that CPUC might need to reevaluate the specific amounts of credits that are provided each year, it is unclear why the commission would need to regularly rethink the core approach or implement significant changes. We expect that undertaking such relatively minor modifications should require a much-reduced level of staffing compared to the proposed level. Given that the exact level of ongoing resources that will be required is uncertain until the work is underway, supporting whatever activities the Legislature elects to fund on a limited-term basis would allow for time to ascertain what level of ongoing support might be needed in the future. If the state were to approve limited-term funding, CPUC could return to the Legislature with a future budget proposal to request ongoing resources once it has a clearer idea of its ultimate approach to implementing the California Climate Credit and the associated ongoing workload.

#### **LAO Recommendations.**

***Decide Upon Desired Scope of Activities and Adjust Level of Resources Accordingly.*** We recommend the Legislature (1) assess whether the activities that appear to go beyond the required scope of AB 1207 are consistent with legislative intent, as well as whether they are high priorities for funding given the state’s serious budget challenges, and (2) make corresponding changes to the level of staffing and funding provided, as relevant. Specifically, if the Legislature’s vision is for the state to continue to provide a simple, fixed amount of California Climate Credit to all residential customers of each IOU—just provided in different months of the year—we recommend the Legislature provide minimal, if any, new resources to CPUC. If, instead, the Legislature would prefer that CPUC analyze and ultimately implement a more complex California Climate Credit, we recommend the Legislature approve the requested level of resources in the near-term.

***Approve Resources on a Limited-Term Rather Than Ongoing Basis.*** Regardless of the Legislature’s preferred approach, we recommend approving resources on a two-year limited-term basis. This is because the ongoing workload is uncertain but likely to be relatively small. To the extent CPUC determines it needs continued resources, it could request them through a future budget request. This approach would have the advantage of placing the commission and Legislature in a better position to assess the level of ongoing workload, as they would have the benefit of more details on the approach to the credit that CPUC ultimately decides to undertake.

***Consider Making Statutory Clarifications, as Relevant.*** To the extent the Legislature has a clear vision for its preferred approach to implementing the California Climate Credit, we recommend it consider memorializing that vision in statute. Doing so would ensure its preferred approach is carried out. For example, if the Legislature would like households to receive fixed credits in specific, designated summer months, it could clarify that guidance. Alternatively, if the Legislature would prefer a different approach—such as larger credits for low-income customers or credits that are provided volumetrically—it could specify that alternative intent in statute. Absent such additional direction, the Legislature will largely be deferring to CPUC to make decisions about how to allocate this funding—which could total in the tens of billions of dollars over the next twenty years—to utility customers.

**Staff Recommendation.** Hold open.

**Issue 5: Ratepayer and Technological Innovation Protection Act (SB 57)**

**Governor’s Proposal.** The Governor’s budget includes \$668,000 from PUCURA in 2026-27 and \$523,000 ongoing for three positions, rates training, operational costs, and consultant services to implement SB 57 (Padilla, Chapter 647, Statutes of 2025) and to address increasing analytical, regulatory, and oversight workload associated with new large data center electrical loads.

**Background.** SB 57 authorizes the CPUC to assess Investor-Owned Utility (IOU) costs of new electrical loads driven by data centers, the extent to which these investments may result in cost shifts to other ratepayers, and rate design strategies to mitigate these cost shifts. Additionally, the CPUC is required to submit an assessment to the Legislature and post a copy for the public on the CPUC’s website on or before January 1, 2027.

As such, CPUC requests three positions. One Public Utilities Regulatory Analyst (PURA) V and one PURA III in the Electric Rates section of Energy Division would lead and support the development of the assessment and ongoing evaluation of the wide-ranging impacts of data center proliferation. One Analyst I will provide administrative support for in-person and hybrid workshops.

In addition, the CPUC requests funding for specialized electric rates training courses so that CPUC staff can conduct this analysis to support ratepayer affordability and reliability as more data centers connect to the grid; increased staff travel and may require the venue rentals and associated workshop-related costs to hold in-person stakeholder workshops and interdepartmental meetings; and consultant services to evaluate data center tariff implementation and customer impacts including the potential for cost shifts and stranded costs as well as the long-term impacts of implementation of new tariffs.

**Staff Comments.** The CPUC has already begun to assess potential cost shifts due to data center energy consumption in their rulemaking processes. For example, the CPUC recently issued an initial decision (D. 25-07-039) that approved an interim PG&E electric rule for data centers that pre-pay the cost of interconnection. In addition, on February 17, 2026, the CPUC issued a schedule for the next phase of the proceeding to consider additional electric rule requirements for transmission interconnection, including mechanisms for covering utility costs.

Beyond these PG&E electric rule filings, according to the department, the CPUC is planning to consider developing new rate design structures and potential tariffs for all the IOUs data centers and other similar large loads. This process is likely to be undertaken in a new rulemaking to be initiated in 2026 and continue through the end of 2027 at a minimum. Moreover, an implementation process for the future Rule 30 tariff will occur through advice letters that would be submitted and processed in 2026, and other potential tariffs would likely result in advice letters in 2027/2028.

Though the workload associated with new large data centers impacts on the grid and ratepayers is evidently increasing over time, it is unclear whether SB 57, which requires a one-time report, necessitates ongoing staffing and funding. In addition, it is clear that CPUC is already planning and analyzing these issues already with existing staffing and resources. The Legislature may want to consider whether the request aligns with the needs of SB 57 implementation—or if there is Legislative intent for CPUC to dedicate resources to this issue beyond this bill implementation.

**Staff Recommendation.** Hold open.

**Issue 6: Voluntary Energy Markets (AB 825)**

**Governor’s Proposal.** The Governor’s budget includes \$1.9 million from PUCURA for eight positions ongoing to implement AB 825 (Petrie-Norris, Chapter 116, Statutes of 2025).

**Background.** AB 825 authorizes the California Independent System Operator (CAISO or ISO) and its participating transmission owners to join and use voluntary energy markets governed by an independent regional organization (RO) in lieu of CAISO’s managed energy markets, no earlier than January 1, 2028. AB 825 requires CPUC to make a determination through a formal decision in an existing or new proceeding that these requirements have been satisfied before electrical corporations participate in an energy market governed by an RO. AB 825 allows CAISO to join the RO by January 2028, but in order for that to occur, the CPUC must make a determination in a proceeding that the requirements listed above have been met and draft a formal decision based on the record no later than January 2028.

To meet this requirement, the CPUC must evaluate whether participation in a voluntary regional energy market protects California ratepayers and preserves the Commission’s authority over procurement, resource adequacy, reliability, and other public interest policies. This includes review of market design, governance, transparency, consumer protections, and compliance with state greenhouse gas and renewable energy requirements. AB 825 also requires ongoing CPUC oversight after any participation begins. The Commission must monitor RO activities and market outcomes to ensure that participation does not undermine California law or Commission policies, and the CPUC may direct an electrical corporation to withdraw from the regional market if statutory safeguards are no longer met.

As such, CPUC requests eight positions in the Wholesale Market Design section in the Energy Division to implement AB 825. Specifically, the staff are proposed to: support a new or existing Commission proceeding to develop the evidentiary record and prepare a formal decision required by AB 825; participate in and monitor RO-led stakeholder processes to evaluate proposed market rules and governance structures; review and analyze utility filings, including updates to Bundled Procurement Plans, to ensure procurement strategies remain cost-effective and manage ratepayer risk under changing market conditions; coordinate with the California Energy Commission to revise or align rules, regulations, or guidance to ensure that participation in a regional market does not expand Renewable Portfolio Standard portfolio content category eligibility beyond what is allowed as of December 31, 2025; and monitor ongoing impacts of regional market participation on resource adequacy, integrated resource planning, retail choice, and consumer protections.

**Staff Comments.** AB 825 expanded the potential use of voluntary wholesale energy markets throughout the western United States. Although it is still in early stages of implementation, there has been some movement to begin planning for the regional organization. For example, CAISO is considering a loan, not to exceed \$8.5 million, for startup costs of the RO, to be repaid by market participants. As the Legislature reviews this budget request from CPUC, it may want to consider what preliminary planning has occurred at the department to ensure it meets its responsibilities before January 2028 as well as the role and responsibilities of CPUC beyond the initial implementation in developing and completing a proceeding, in particular, in ensuring the protection of California ratepayer interest in this new regional market.

**Staff Recommendation.** Hold open.

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## ITEMS FOR PUBLIC COMMENT

### 3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY (OEIS)

#### Issue 7: Administrative Support

**Governor’s Proposal.** The Governor’s budget includes \$148,000 (\$118,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$30,000 from the Safe Energy Infrastructure and Excavation Fund (SEIEF)) in 2026-27 and ongoing for one position to coordinate internal accounting functions with the contracted fiscal services provider, process travel expense claims and invoices, review month-end reconciliations, monthly travel reconciliations, and validate financial records. In recent years, OEIS has significantly grown since it was established in 2021, resulting in increase workload in both procurement and internal accounting processes. The department has attempted to address this increased workload through temporary positions, such as retired annuitants and limited-term positions, but due to its ongoing nature, the department now requests ongoing funding for this permanent position.

**Staff Recommendation.** Hold open.

#### Issue 8: Energy Modernization and Affordability (SB 254)

**Governor’s Proposal.** The Governor’s budget includes \$1.4 million from the Safe Energy Infrastructure and Excavation Fund (SEIEF) ongoing to implement new Underground Safety Board-related ongoing requirements with the passage of SB 254 (Becker, Chapter 119, Statutes of 2025). More specifically, the legislation requires OEIS to develop new structured information exchange and regulatory oversight over infrastructure project coordination, ensuring excavators can access underground infrastructure data early in the design process to reduce utility strike risks and lower project costs. To implement these requirements, OEIS requests seven positions and funding for five leased vehicles, which are requested to provide five of the seven positions vehicles to investigate 811 incidents and lead/participate in policy development workshops and public meetings.

**Staff Recommendation.** Hold open.

## 3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

### Issue 9: Renewables Portfolio Standard Facility Certification

**Governor’s Proposal.** The Governor’s budget includes \$176,000 from the Energy Resources Program Account (ERPA) in 2026-27 and ongoing for one position to help implement the Renewable Portfolio Standard (RPS) program, which sets continuously escalating renewable energy procurement requirements for the state’s load-serving entities. CEC is required by statute to certify resources for the RPS program. Electricity generated by a renewable facility cannot create renewable energy credits that count towards the RPS compliance requirements unless the facility is deemed eligible and certified by the CEC. As the RPS goals continue to increase, the annual certification applications submitted to the CEC has also increased. In addition, the types and complexity of applications have also increased concurrently. As such, the CEC requests one additional position to ensure there is sufficient staff resources to process these applications and prevent delays in certification of RPS facilities.

**Staff Recommendation.** Hold open.

### Issue 10: Energy Modernization and Affordability (SB 254)

**Governor’s Proposal.** The Governor’s budget includes \$2 million from ERPA annually for four years to support four positions and consultant support resources to implement SB 254 (Becker, Chapter 119, Statutes of 2025). Specifically, SB 254 requires the CEC to prepare program environmental impact reports (PEIRs) that analyze the “development of a class or classes of facility for which the Energy Commission has received an application under the [Opt-In Certification Program]” which is a streamlined permitting process for clean and renewable energy facilities. Currently, the CEC prepares project-specific California Environmental Quality Act (CEQA) analysis in their role in the Opt-In process. However, PEIRs are intended to streamline permitting processes for similar types of projects, and reduce duplicity of work, with the end goal of reducing ratepayer costs. Because PEIRs are an expansion of the current scope of work at CEC, the department requests four limited-term positions as well as a one-time consulting service contract to develop the PEIRs.

**Staff Recommendation.** Hold open.

### Issue 11: Oil Production: Safety, Reliability, and Affordability (SB 237)

**Governor’s Proposal.** The Governor’s budget includes \$660,000 one-time from the Energy Resources Program Account (ERPA) to implement SB 237 (Grayson, Chapter 118, Statutes of 2025), which created new requirements for the CEC to evaluate alternative fuel specifications for California, assess petroleum market on an ongoing basis, and report to the Governor’s Office and Legislature. CEC requests funding for consulting support with specialized expertise to perform the required research, analysis, and draft the report required by SB 237.

**Staff Recommendation.** Hold open.

**Issue 12: Passive House Standards (AB 368)**

**Governor’s Proposal.** The Governor’s budget includes \$342,000 from ERPA for two years and two limited-term positions to implement AB 368 (Ward, Chapter 145, Statutes of 2025), which requires CEC to evaluate the cost-effectiveness of passive house energy efficiency standards across California’s climate zones and to assess their technical feasibility for inclusion in the state’s Building Energy Efficiency Standards. AB 468 requires CEC to report findings and recommendations by July 2, 2028. To address this additional workload, CEC requests two limited-term positions to support the evaluation at its Building Standards Branch.

**Staff Recommendation.** Hold open.

**Issue 13: Crude Oil Reportable Pipelines (SB 767)**

**Governor’s Proposal.** The Governor’s budget includes \$205,000 ongoing for one permanent position and \$191,000 for two years for one limited-term position from ERPA to implement SB 767 (Richardson, Chapter 657, Statutes of 2025). As in-state oil production continues to decline, several crude oil pipelines are approaching minimum thresholds that if crossed could lead to shutdowns, refinery disruptions, and price spikes. SB 767 requires certain “reportable” petroleum pipeline operators to provide the CEC with monthly crude oil flow data beginning March 30, 2027, and directs the Commission to identify, by December 31, 2026, which pipelines are essential to refinery supply. The requested funding will manage data submissions, ensure confidentiality, and provide timely analysis.

**Staff Recommendation.** Hold open.

**8660 PUBLIC UTILITIES COMMISSION****Issue 14: Legal Services Contract Resources**

**Governor’s Proposal.** The Governor’s budget includes \$3 million one-time from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2026-27 for an active legal services contract to provide advice and representation on corporate and utility restructuring, finance, securitization, and bankruptcy matters. In recent years, increasingly destructive and costly wildfires have caused a noticeable, detrimental decline in the financial condition of many regulated electric utilities, requiring CPUC to play a critical role in utility bankruptcy proceedings and in the complicated restructurings and securitizations that pre- and post-date bankruptcy proceedings. The CPUC has used and continues to use the funding for the legal services contract to access needed and time sensitive advice required to appropriately protect the public’s interests in the many concurrent ongoing financing and securitization activities related to the investor-owned utilities.

In 2019-20, while the PG&E bankruptcy was most active, CPUC received an original \$28 million appropriation. In 2021-22, of the original \$28 million, \$7.5 million was reappropriated. Of the remaining \$7.5 million, CPUC received an additional reappropriation of the remaining \$2.8 million. CPUC last requested and received the \$2.8 million reappropriation in a 2024-25 BCP that will be fully expended by June 30, 2026. This request is intended to last three years—however, additional funds may be needed if a major event that could spark a utility bankruptcy or restructuring occurs.

**Staff Recommendation.** Hold open.

#### **Issue 15: California Ratepayer Protection Act (AB 1167)**

**Governor’s Proposal.** The budget includes \$952,000 ongoing from PUCURA for four positions to implement AB 1167 (Berman, Chapter 634, Statutes of 2025). AB 1167 prohibits electric or gas utilities from recovering from ratepayers specified costs such as contributions towards political influencing activities, penalties or fines, and fees charged by experts who testify on behalf of utilities. AB 1167 may reduce costs to ratepayers by increasing transparency on advertisements paid for by electric or gas utilities. This bill expands CPUC authority to assess a civil penalty, based on the severity of the violation, against electric or gas utilities that violate the statute. CPUC requests four positions—two attorney positions to advise the Commissioners and industry staff on investigations and enforcement actions required by AB 1167 and to represent the Public Advocates Office and other enforcement divisions of CPUC; one Administrative Law Judge to manage and oversee the appeal of administrative enforcement orders as well as support the increased review of costs in rate setting proceedings; and one analyst position to review utility rate and cost recovery proceedings to ensure that the utility cost recovery requests do not include any of the 11 cost categories prohibited by AB 1167.

**Staff Recommendation.** Hold open.

#### **Issue 16: Legal Division Advocacy Resources**

**Governor’s Proposal.** The budget includes \$307,000 Distributed Administration authority ongoing from various special funds for one executive-level position to continue to deliver existing, critical advocacy services representing the Public Advocates Office, the Safety and Enforcement Division, and the Consumer Protection and Enforcement Division.

**Background.** CPUC is a unitary agency, within which co-exist two distinct functions. First, the General Counsel provides all substantive legal advice and representation to the Commission’s decision-makers as they execute their decision-making functions – this is known as providing “advisory” legal services. Second, the General Counsel’s Legal Division provides attorney resources to serve “advocacy” functions for the Public Advocates Office, Safety and Enforcement Division, and Consumer Protection and Enforcement Division, who argue before the Commission for a particular outcome, such as lower rates or a penalty for safety violations.

Federal and state law requires a separation of functions between the advisory and advocacy functions of a single unitary agency. (See, e.g., *Morongo Band of Mission Indians v. State Water Resources Control Bd.*, 45 Cal.4th 731 (2009).) The General Counsel and current Deputy General Counsel are each required to provide advisory legal services. Because of this required separation, the General Counsel and the current Deputy General Counsel cannot oversee the substantive work of the advocacy function of the Legal Division. Structurally, a new Deputy General Counsel that oversees the substantive work of the advocacy functions of the Legal Division is now required to honor the legally required separation of functions of the Division.

**Staff Recommendation.** Hold open.

### **Issue 17: Water Utilities Enforcement and Compliance**

**Governor’s Proposal.** The budget includes \$436,000 ongoing from PUCURA to convert two limited-term positions to permanent to continue ongoing enforcement and compliance efforts for Commission jurisdictional water utilities.

**Background.** The Commission has jurisdiction over 90 small water utilities throughout the state ranging in size from small family-owned systems to large investor-owned publicly traded corporations. Most of the non-compliance issues that arise deal with the small water systems that require consistent proactive monitoring and identification of instances of non-compliance.

To address the Water Division’s lack of staff dedicated solely to compliance and enforcement matters, Water Division was provided three-year limited-term funding for 2.0 UEs in 2023-24.

To date, the activities of the Enforcement Team have resulted in several at-risk small water utilities coming into compliance with Commission orders through annual report filings and cost increase requests. The team is currently pursuing progressive enforcement actions on a Class D water utility that has not complied with multiple directives from the Commission, the State Water Resources Control Board (SWRCB), and the U.S. Environmental Protection Agency (EPA) for several years. This request aims to maintain the current level of service and workload by the Enforcement team as it seeks to achieve ongoing compliance for at-risk utilities with Commission rules and regulations.

**Staff Recommendation.** Hold open.

### **Issue 18: Energy Modernization and Affordability (SB 254)**

**Governor’s Proposal.** The budget includes \$1.9 million ongoing from PUCURA for eight positions to implement SB 254 (Becker, Chapter 119, Statutes of 2025). Approved resources would support Commission related activities related to oversight of transmission projects, assessment of rate base, rate of return, and capital structure; review of energization practices; audit of third-party assessments; review of advice letters; and conduct of Commission proceedings necessary to carry out SB 254. Implementation of SB 254 will result in increased workload for the Commission including:

- Review and analysis related to the electrical corporation’s new reporting requirements related to rate base, rate of return, and capital structure.
- Support of the independent third-party review and assessment of energization practices, including energization of large load customers at transmission voltage
- Increased workload to respond to an expected increase in electric infrastructure advice letter and permit applications submittals.
- Multiple new financing order applications and utility securitizations, as well as proceedings related to implementation of wildfire-related cost recovery and equity rate base exclusions.
- New enforcement actions and appeals of enforcement actions for failure to meet energization requirements.

To carry out these activities, CPUC requests eight positions, including three attorney positions, one Administrative Law Judge position, and four various analyst positions.

**Staff Recommendation.** Hold open.

### **Issue 19: Information Technology Enterprise Functions**

**Governor’s Proposal.** The Governor’s budget includes \$443,000 Distributed Administration authority from various special funds on an ongoing basis for two positions and licensing for modeling tools to improve the Information Technology Enterprise Functions. The Information Technology Services Division (ITSD) seeks to achieve the operational effectiveness and security necessary to support the CPUC’s critical regulatory and enforcement programs by allocating a dedicated Chief Enterprise Architect to develop an enterprise architecture for the CPUC; to oversee ongoing monitoring and documentation of current CPUC business processes, data assets, applications, technologies; and to coordinate with the Information Security Office to ensure adequate security practices cover all aspects of CPUC’s business portfolio. In addition, a dedicated Enterprise Web Support position will improve compliance with accessibility and state web standards and help implement better governance of the state’s external and internal web assets.

**Staff Recommendation.** Hold open.

**Issue 20: Advice Letter Website Support**

**Governor’s Proposal.** The budget includes \$142,000 ongoing from PUCURA for one position to monitor and evaluate the advice letter legacy website as well as to assist with the increased volume in advice letter and Resolution processing. The advice letters are the vehicles by which the CPUC staff implement the regulation of all the Commission’s decisions ordering utility actions and compliance. Rate changes, as well as other regulatory compliance matters, are often approved and addressed through the advice letter process. Maintaining the advice letter website is essential to provide ratepayers with a centralized view of the rulemaking process, making it an important tool in supporting the goals of affordable utility services and meeting regulatory compliance. Currently, there are three analyst positions tasked with processing advice letters and supporting the advice letter website. However, these positions have incurred growing overtime due to understaffing over the past three years. There has been increased interest and scrutiny in these advice letters since they relate to rates and affordability. In 2022, staff worked 109 hours of overtime; in 2023, 317 hours; and in 2024, 370 hours. As such, the requested position would support both the oversight, maintenance, and administration of the advice letter website as well as address advice letter processing.

**Staff Recommendation.** Hold open.

**Issue 21: Administrative Support Resources**

**Governor’s Proposal.** The Governor’s budget includes \$400,000 from various special funds (Distributed Administration) ongoing to provide staffing support for the Commission President and executive staff. Currently, these positions are limited-term. However, CPUC requests to transition them into permanent ones, as the workload needs are ongoing. One supervisor position is intended to independently research, evaluate, analyze, coordinate and facilitate complex duties required by the President. The other two executive assistant positions are intended for meeting requests, screening incoming correspondence, drafting responses, interfacing with external and internal partners, scheduling travel, creating databases for tracking, preparing meeting agendas, maintaining files, tracking decisions, rulings and scoping memos and other administrative tasks for the executive leadership team of 32 staff.

**Staff Recommendation.** Hold open.

**Issue 22: Energy Research Platform**

**Governor’s Proposal.** The budget includes \$186,000 from PUCURA ongoing for one position to lead the development, maintenance, and administrative oversight of the California Distributed Generation Statistics (DGStats) Platform, a website that provides distributed generation interconnection, locational, and technical data. It is regularly used by CPUC, CEC demand forecasting staff, and others for purposes such as quantifying the Net Energy Metering/Net Billing Tariff cost shift impacting electric affordability, plotting statewide distributed energy resources (DER) distribution, conducting energy forecasting, evaluating existing programs, understanding trends in the rooftop solar market, and more. Currently, one position supports the administration of AB 2143 (Carrillo, Chapter 774, Statutes of 2022), who in part manages DGStats. However, DGStats platform is undergoing a series of significant upgrades and expansions to meet the increasing data needs for analysis and forecasting, and CPUC requires one additional position to lead the continued development, maintenance, and administrative oversight of the platform.

**Staff Recommendation.** Hold open.

**Issue 23: Utility Permitting and Project Review Process**

**Governor’s Proposal.** The Governor’s budget includes \$216,000 from PUCURA ongoing to convert one limited-term position to a permanent one to address an increase in electrical transmission permitting. SB 319 (McGuire, Chapter 390, Statutes of 2023) requires CPUC to submit a biennial report to the Legislature on the status and cost of electrical transmission project applications as well as to gather data and analytics for transmission permitting and develop recommendations for permit streamlining. The 2024 Budget Act included one limited-term position to implement SB 319. This position expires on June 30, 2026. CPUC requests to make this position permanent to continue to assist in project tracking and electrical transmission permitting streamlining efforts, and to assist with an increase in transmission permitting applications.

**Staff Recommendation.** Hold open.

**Issue 24: Broadband for All Reappropriation**

**Governor’s Proposal.** The Governor’s budget includes a reappropriation of \$8 million General Fund in administrative funds for contracts, licenses, and consultants to continue implementing Broadband for All until June 30, 2030. In 2021-22, as part of SB 156, \$51,532,000 was appropriated to the CPUC for 46.0 permanent positions and limited-term resources, including contracts, training, travel, and other operating expenses to implement multi-year broadband investments. These investments were focused on Last Mile connectivity, which are the final legs of the network connecting the major middle mile infrastructure to homes and businesses. The current expenditure deadline of the state operations fund is December 31, 2026. This reappropriation request is important to efficiently use savings from previously allocated funds to comply with federal monitoring requirements to ensure California’s continued access to federal funds, and to comply with state and federal timelines, project progress monitoring, and specific program commitments.

**Staff Recommendation.** Hold open.

**Issue 25: Wildfire Fund Clean-up Trailer Bill Language**

**Governor’s Proposal.** The Governor’s budget includes trailer bill language that proposes amendments to SB 254 (Becker, Chapter 119, Statutes of 2025). Specifically, the proposed language corrects an erroneous cross-reference in Section 1 by replacing the reference to Public Utilities Code (PUC) section 850.1(a)(1)(B) with the proper citation to section 850.1(a)(1)(A)(ii); replace the phrase “additional annual contributions” with “annual contributions”; corrects the incorrect cross-reference in Section 4 from PUC section 3299.3(b) to section 3299.3(a); replaces the phrase “Wildfire Fund allocation metric” with the allocation formula specified in section 3299.3(a)(2), ensuring that the correct methodology is used to determine each utility’s required contribution; and correct the definition by cross-reference to “Wildfire Fund.”

**Staff Recommendation.** Hold open.