

2026 California Legislative Wrap-Up

Marketing, Regulatory, and Legislative Subcommittee

September 18, 2026



2026 End of Session Legislative Update

CalCCA Sponsored Bills

SB 1138
RA Transactability

AB 1761
*PCIA
Data Transparency*

Ava Support Bills

SB 222
*Heat pump
permitting*

SB 1168
*Data center tariff
study*

SB 913
RA for DERs

AB 1577
*Data center
reporting*

AB 2266
*Standard RA
valuation*

Ava SIA Bills

SB 868
Plug-in solar

AB 1975
Grid utilization

AB 2389
*Solar property tax
exclusion*

CalCCA Sponsored Bills

SB 1138 Padilla – Requires the PUC to permit LSEs to demonstrate compliance with RA requirements by transacting RA obligations on an hourly basis.

- Passed Senate 31-0-9 (May 19), Passed Assembly Energy Committee (June 10)
- Next step: None; not advancing this year



AB 1761 Rogers – Requires the PUC to ensure that all data relied on to determine the PCIA be made available to LSEs and ratepayer advocates.

- Passed Senate 40-0
- Next step: Governor's desk



Support

Heat Pump Water Heater and HVAC Streamlining

SB 222 Wiener — Standardizes and streamlines local permitting for residential heat pump water heaters and heat pump HVAC systems, including by requiring an option for asynchronous inspections and online automated permitting.

Major changes since initial drafting:

- Localities can offer "remote" inspections in lieu of "asynchronous"

Support:



Oppose:



Process:

- Passed Assembly 60-8-11 (Aug 24)
- Next step: Governor's desk

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Governor's
Desk

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Support

Distributed Energy Resources for Resource Adequacy

SB 913 Becker — When introduced, required the PUC to enhance pathways for aggregated DERs to qualify as RA capacity and to allow LSEs to include those resources in RA compliance and procurement. Also requires coordination with state agencies and the ISO to update market participation frameworks to support aggregated DERs.

Ava proposed amendments – adopted: Allows (but does not require) CCAs to use DERs to meet RA obligations.

Major changes since initial drafting:

- Removes language requiring "reasonable flexibility" to accommodate aggregated DERs in new resource procurement or RA participation rules. Retains language "putting the burden" on DER providers to ensure they can deliver promised DR or supply when called upon.

Support:



Oppose:



Process:

- Passed Assembly 59-3-17 (Aug 25)
- Next Step: Governor's desk

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Support

Data Center Rate Study

SB 1168 McNerney — When introduced, the bill imposed annually set surcharges on electricity and natural gas consumed by data centers (including energy used to generate power for them), required utilities to collect these charges and deposit the revenues into a dedicated fund to help offset wildfire-related costs currently embedded in customer rates.

Major changes since initial drafting:

- Removed all language imposing annual surcharges, instead requires the PUC to assess opportunities for rate structures to ensure data centers pay their fair share and alleviate cost pressures on residential ratepayers.
- *Note: All changes to tariffs and planning consolidated to AB 2383 and SB 886. Data reporting in (Ava supported) AB 1577*

Support:



Oppose:



Process:

- Passed Assembly 78-0-1 (Aug 28)
- Next Step: Governor's desk

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Support

Data Center Energy Use Reporting

AB 1577 Bauer-Kahan — Directs the California Energy Commission (CEC) to establish a process for data center owners to submit reports on energy usage, including specified operational metrics. The CEC would then publish aggregated data and incorporate data center load trends into future energy policy reports. Separately, data center owners must submit their expected energy consumption to local agencies for planning and environmental review purposes (while protecting confidential customer information).

Ava proposed amendments – adopted: Align reporting timelines with IOU-to-CCA data flows.

Support:



Oppose:



Process:

- Passed Assembly 59-3-17 (Aug 25)
- Next Step: Governor's desk

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Support

Consistent reliability methodology

AB 2266 Schultz — When introduced, the bill required the California Public Utilities Commission (CPUC) to consider a process to consolidate specified reporting requirements into a single procurement plan, and (when feasible) consolidate compliance reporting for reliability requirements.

Major changes since initial drafting:

- Narrowed its mandate from aligning broader planning frameworks to ensuring consistent standards for LSE compliance.
- Under the new language CPUC now retains flexibility to use different methodologies for system planning reserve margin and evaluating short-term, mid-term, and long-term reliability needs.

Support:



Oppose:



Process:

- Passed Senate 38-2 (Aug 27)
- Next Step: Governor's desk

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Support if Amended

Portable (or "Plug In") Solar Interconnection Exemption

SB 868 Wiener — Exempts portable solar generation devices from interconnection requirements and prohibits IOUs and POU's from imposing fees or other related requirements. Authorizes utilities to require basic notification of device installation through a simple registration process, as specified.

Ava proposed amendments – not adopted: Require storage pairing and modern inverter standards for plug-in solar while maintaining basic oversight to protect grid reliability and mitigate cost impacts.

Support:



Oppose:



Process:

- Passed Assembly 73-0-6 (Aug 25)
- Next Step: Governor's desk

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Support if Amended

Grid Utilization

AB 1975 Schultz — Requires the PUC to establish a grid utilization metric to measure electrical load as a percentage of system capacity; requires IOUs to publicly report on that metric; sets increasing minimum utilization targets; and establishes performance-based incentives or disincentives, while requiring utilities to propose programs to meet those targets.

Ava proposed amendments – not adopted: Ensure CCAs can participate in and benefit from grid utilization programs while preventing IOU-only implementation.

Support:

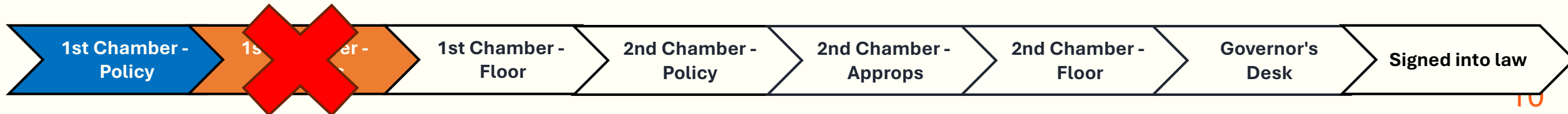


Oppose:



Process:

- Passed Assembly U&E 16-0 (Apr 23)
- Next Step: None, not advancing this year



Support if Amended

Solar Installation Property Tax Exclusion

AB 2389 Irwin — Extends the property tax exclusion for certain customer-sited solar energy systems, including systems up to 2 megawatts and those located on public entity property, through January 2032.

Ava proposed amendments – not adopted: Require new solar systems to include battery storage to qualify for the exemption, while preserving eligibility for existing and resilience-focused projects.

Support:

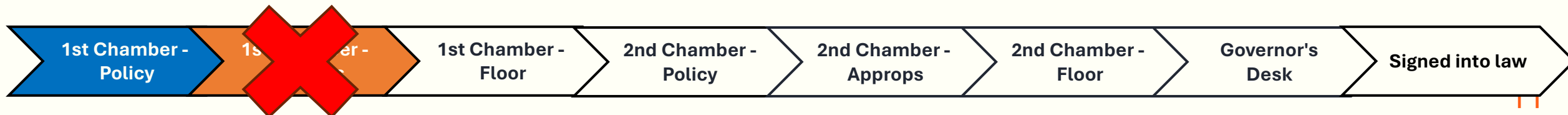


Oppose:



Process:

- Passed Assembly Revenue and Tax Committee 7-0 (Apr 28)
- Next Step: None, not advancing this year



State Budget Update

June Budget Agreement (Law)

New incentives for first-time ZEV buyers
(\$135.5 million)

Transfer ~\$22 million from DEBA to DSGS
(funds DSGS thru 2026)

CalFIRE
(\$1.25 billion from GGRF)

August Budget Trailers (Pending Governor's signature)

Prop 4 Climate Bond funding plan
(\$2.3 billion)

- \$55 million for community resilience centers
- \$20 million for microgrids via DEBA

No change to existing GGRF spending plan

- \$1 billion for high speed rail
- \$1 billion for legislature's discretion
- ~\$2 billion for variety of 'Tier 3' programs

Zero-emission truck and bus incentives
(\$135.5 million)

Transmission Accelerator Revolving Fund
(\$322.5 million)

DSGS - No additional funding beyond 2026

Looking Forward

September 30:

Governor's deadline to sign or veto all bills

November 3:

Election day

December 7:

27/28 legislature sworn in

January 1:

New state statutes take effect

January 4:

New Governor takes office
27/28 legislative session begins in earnest

Considerations for 2027/8:

New Chair for Senate Energy Committee

Senator Ben Allen termed out this year

Expect New Senate Pro Tem

Senator Monique Limon is termed out in 28'

Major Turnover in Makeup of Senate Energy

Sens. Wahab, Allen, Caballero, Grove
not returning in January

Legislative Impact of Administrative Turnover

New Governor takes office and three CPUC
and one CEC commissioners' terms
are coming to an end in 27'

Full Universe of Ava Monitored Bills

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<u>AB 13</u>	Ransom (D)	PUC membership and reporting
<u>AB 34</u>	Patterson (R)	Extends the authority of POU's to count large hydro towards RPS
<u>AB 61</u>	Pacheco (D)	Require PAO to analyze ratepayer impacts of mandated programs
<u>AB 705</u>	Boerner (D)	Creates independent PUC audit office
<u>AB 706</u>	Aguiar-Curry (D)	Fire fuel reduction procurement program
<u>AB 710</u>	Irwin (D)	POU dynamic pricing and advanced metering mandate
<u>AB 942</u>	Calderon (D)	Changes climate credit
<u>AB 1020</u>	Schiavo (D)	Requires IOUs to report taxpayer funding
<u>AB 1156</u>	Wicks (D)	Reforms Williamson Act contract cancellation fees
<u>AB 1577</u>	Bauer-Kahan (D)	Data center monthly reporting
<u>AB 1738</u>	Carillo (D)	Requires local governments to offer remote inspections
<u>AB 1761</u>	Rogers (D)	PCIA data transparency
<u>AB 1787</u>	Schultz (D)	Require IOUs to offer a dynamic tariff if smart meter infrastructure is in place
<u>AB 1813</u>	Ward (D)	Require CEC evaluation of community solar re classification
<u>AB 1975</u>	Schultz (D)	Grid utilization metric

Full Universe of Bills

AB 2111	Papan (D)	Transmission planning alignment with affordability and FERC Order 1920
AB 2175	Garcia (D)	Allows aggregation of multiple meters for NBT
AB 2182	Irwin (D)	Creates IOU run industrial decarbonization program
AB 2234	Papan (D)	CEQA exemptions for some geothermal exploratory projects
AB 2266	Schultz (D)	CPUC to consider RA valuation standardization
AB 2313	Berman (D)	Require gas corporations to offer electrification incentives
AB 2369	Rogers (D)	Enables partial RA, allowing energy-only resources earn RA value
AB 2383	Zbur (D)	Require creation of a large load customer class and rate schedule
AB 2463	Petrie-Norris (D)	Require PUC to adopt standard formula for IOU return on equity
AB 2464	Wicks (D)	Require PUC to study clean firm's role in 2045 goal
AB 2493	Petrie-Norris (D)	Require IOUs to have an interconnection auditor
AB 2516	Petrie-Norris (D)	California Grid Manufacturing Initiative
AB 2518	Sharp-Collins (D)	Requires SDG&E to prioritize and fast-track affordable housing energization
AB 2589	Irwin (D)	Requires PUC to analyze OBBBA and adjust rates to reflect impacts
AB 2612	Schultz (D)	Building standards for plug-in solar systems
AB 2647	Calderon (D)	Requires CEC to evaluate future of nuclear power in California

Full Universe of Bills

<u>AB 2748</u>	Quirk-Silva (D)	Revert EV regulations to 2022 state building code for BMR housing
<u>SB 222</u>	Weiner (D)	Heat pump water heater and HVAC system permitting streamlining
<u>SB 327</u>	McNerney (D)	Prohibits IOUs from using ratepayer funds for advocacy activities related to municipalization
<u>SB 332</u>	Wahab (D)	Study breaking up IOUs
<u>SB 453</u>	Stern (D)	Microgrid incentive program
<u>SB 742</u>	Perez (D)	IOUs to remove unused transmission facilities
<u>SB 842</u>	Stern (D)	Report on firm zero-carbon resources
<u>SB 868</u>	Wiener (D)	Plug-in solar interconnection exemption
<u>SB 886</u>	Padilla (D)	Large load cost shift prevention
<u>SB 887</u>	Padilla (D)	Large load CEQA application
<u>SB 905</u>	Becker (D)	Utility cost, performance, and data sharing reform
<u>SB 913</u>	Becker (D)	Resource Adequacy for aggregated distributed capacity resources
<u>SB 924</u>	Hurtado (D)	PUC to consider affordability when looking at home weatherization
<u>SB 925</u>	McNerney (D)	Requires state strategy and permitting framework to advance fusion

Full Universe of Bills

<u>SB 943</u>	Becker (D)	Industrial billing and NBC/TAC reform
<u>SB 1138</u>	Padilla (D)	RA transactability
<u>SB 1158</u>	Stern (D)	Adds status of utility transmission upgrades and electrical grid infrastructure to Reliability Planning Assessment
<u>SB 1167</u>	Blakespear (D)	Clarifies ebike definition and bans advertising of non-eligible bikes
<u>SB 1168</u>	McNerney (D)	Data center tariff study
<u>SB 1233</u>	Allen (D)	Requires enhanced justification of CPUC findings tied to utility returns
<u>SB 1295</u>	Stern (D)	Requires IOUs to evaluate distributed storage and nonwire alternatives and authorizes them to own distributed storage assets
<u>Budget Trailer</u>	Dept of Finance	Reallocates outstanding funding from the Distributed Energy Backup Assets (DEBA) program to the Demand Side Grid Support (DSGS) program
<u>Budget Trailer</u>	Dept of Finance	Transitions 2026 DSGS participants to the Emergency Load Reduction Program (ELRP) or an equivalent CPUC load reduction program.