
THIRD READING

Bill No: AB 1273
Author: Patterson (R)
Amended: 7/22/25 in Senate
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 15-0, 7/15/25

AYES: Becker, Ochoa Bogh, Allen, Arreguín, Caballero, Dahle, Gonzalez, Grove, Hurtado, Limón, McNerney, Rubio, Stern, Strickland, Wahab

NO VOTE RECORDED: Archuleta, Ashby

ASSEMBLY FLOOR: 69-0, 5/8/25 (Consent) - See last page for vote

SUBJECT: Public utilities: ratesetting proceedings: local publicly owned
electric utilities: California Renewables Portfolio Standard Program

SOURCE: Author

DIGEST: This bill includes two unrelated provisions: (1) makes changes to the California Public Utilities Commission (CPUC) rules regarding the treatment of rate-setting proceedings at CPUC hearings; and (2) clarifies eligibility related to compliance with future compliance periods of the Renewables Portfolio Standard (RPS) for local publicly owned electric utilities (POUs) who have existing procurement of large hydroelectric resources.

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities. (Article XII of the California Constitution)
- 2) Requires all charges demanded or received by a public utility for a product or commodity furnished or to be furnished or a service rendered or to be rendered to be just and reasonable. (Public Utilities Code §451)

- 3) Prohibits, except as provided, a public utility from changing a rate unless there is a showing before the CPUC and a finding by the CPUC that the new rate is justified. (Public Utilities Code §454)
- 4) Mandates that items on the CPUC public agenda will be made subject to public review and comment before the commissioners can vote on the matter. Mandates the CPUC to adopt rules that provide for the time and manner of public review and comment. (Public Utilities Code §311(e))
- 5) Requires that before voting on a case, the CPUC must provide the decision to the parties involved and must be subject to at least 30 days public review and comment. (Public Utilities Code §311(g))
- 6) Requires the CPUC to inform the Legislature whenever it reduces or waives the time for public review or comment. (Public Utilities Code §311(i))
- 7) Requires the CPUC to publish and maintain on its internet website particular documents regarding the agency's agendas, actions, decisions, resolutions, rules, and other information. (Public Utilities Code §311.5)
- 8) Establishes the office of the public advisor at the CPUC, which helps members of the public and ratepayers communicate with the CPUC during any hearing or proceeding, including opportunities to comment on proceedings. (Public Utilities Code §321)
- 9) Grants the CPUC authority to adopt rules of practice and procedure to be applied during CPUC hearings and proceedings. (Public Utilities Code §1701)
- 10) Requires the CPUC, where feasible and appropriate, to seek the participation of those who are likely to be affected by a proceeding prior to determining the proceeding's scope. Sunset this requirement on January 1, 2020. (Public Utilities Code §1711)
- 11) Defines a "renewable electrical generation facility" as one that, among other requirements, uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts (MW) or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. (Public Resources Code §25741)

- 12) Requires, the California RPS Program, retail sellers and local POUs to procure a minimum quantity of electricity products from eligible renewable energy resources during certain compliance periods up to December 31, 2030. (Public Utilities Code §§399.15 and 399.30(a)(b)(c))
- 13) Defines eligible renewable energy resources include small hydroelectric generation facilities of 30 MW or less, conduit hydroelectric facilities, and the incremental increase in electrical generation resulting from efficiency improvements of existing small hydroelectric facilities. (Public Utilities Code §§399.12, 399.12.5)
- 14) Provides that a local POU is not required to procure a certain amount of eligible renewable energy resources if, during a year within those compliance periods, the local POU receives more than 40% of its retail sales from large hydroelectric generation under an ownership agreement or contract in effect as of January 1, 2018. (Public Utilities Code §399.30(k)(2))
- 15) Authorizes the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)) to establish appropriate multiyear compliance periods for local POUs beyond December 31, 2030. (Public Utilities Code §399.30(c)(2))

This bill:

- 1) Relevant to rules regarding the treatment of ratesetting proceedings:
 - a) Prohibits the CPUC from placing the consideration of an electrical corporation ratesetting proceeding on its consent calendar.
 - b) Requires, except as provided, the CPUC to provide, at a meeting to vote on a ratesetting proceeding, before its vote on the ratesetting proceeding, a public comment period for the application of at least 30 minutes on the ratesetting proceeding.
- 2) Relevant to the RPS: Provides that the provision related to the procurement of eligible renewable energy resources by POUs also applies to the compliance periods established by the CEC beyond 2030.

Background

CPUC monthly voting meetings. The CPUC meets monthly (often twice a month) to take up items that require a vote of the commissioners. These meetings are held

throughout the state, with the majority held in San Francisco. The agendas for the meetings encompass four parts: the Public Comment Period, the Consent Agenda, the Regular Agenda, and the Closed Session Agenda. At the beginning of the meeting, the CPUC takes up public comment where members of the public can speak about items on the agenda (with some exceptions) and public members often use this time to raise issues that are not on the agenda but may become part of a future meeting agenda. Generally, the public is limited to one minute of comments. The CPUC accepts participation from members who joined in person and members who call in.

Consent Agenda. The CPUC's meeting agenda notes items on the "Consent Agenda" which are items can be taken up for a vote as a group. However, at the beginning of the meeting, usually the President (or the presiding commissioner), will announce if items are being removed from the Consent list to the Regular meeting agenda (generally at the request of a commissioner) or being held over for a future meeting. Members of the public are allowed to speak to the items on the Consent agenda. Items on the Regular Agenda are individually presented, discussed, allowed public comment, and voted on by the commissioners.

Relevant to the Renewable Portfolio Standard. The CEC administers the state's landmark RPS, ensures the state's utilities disclose electricity sources to consumers, supports renewable energy development, and tracks the state's progress toward its renewable energy goals. Enacted by SB 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California's RPS establishes increasing renewable energy procurement targets spanning multiyear compliance periods for the state's electric load-serving entities (LSE). Originally applicable to retail sellers, the statewide mandatory RPS was expanded by SBX1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) to include local POU's. As a result of SB 100 (DeLeón, Chapter 312, Statutes of 2018), LSEs are required to increase their procurement of eligible renewable energy resources to 60% of retail sales by 2030. As part of its responsibilities, the CEC verifies the eligibility of renewable energy procured by retail sellers and POU's that are obligated to participate in California's RPS. The CEC is also responsible for certifying RPS-eligible renewable energy resources, designing and implementing an accounting system to track and report renewable energy procurement for all program participants, and overseeing compliance and enforcement of POU's. The CEC participated in the development of the Western Renewable Energy Generation Information System (WREGIS), an independently administered renewable energy tracking system to verify renewable energy

procurement for all program participants. The CPUC is responsible for compliance and enforcement for retail sellers.

RPS and large hydroelectric generation. California's RPS program, and other energy programs predating RPS, have distinguished between smaller hydroelectric facilities and larger facilities, those that are over 30 MW. These distinctions have largely reflected the state policy to discourage more damming of rivers out of concern for the natural habitats rivers provide and the state's desire to encourage development of new renewable energy projects (including, but not limited to, solar and wind). The passage of SB 100 (De León, 2018) accelerated the RPS requirements by requiring all LSEs to meet a 60% RPS requirement by 2030 and requiring a planning goal of 100% zero-carbon resources by 2045.

Comments

Need for this bill. The author states:

Currently the CPUC uses a consent calendar to consolidate multiple agenda items into one. The issue is that electricity rate increases get put on the consent calendar causing electric utility users to be prohibited from commenting on the electricity rate hikes. The consent calendar has been misused to bypass public comment on several critical issues. For instance, the CPUC's February 20, 2025 agenda included 32 items on the consent calendar, compared to just 6 regular agenda items. These items have increasingly impacted consumers. According to KMPH, at least two rate increases were passed in 2024 using the consent calendar.

Desire to have CPUC commissioners hear public comment and vote on individual ratesetting cases. Consent agenda items are generally bundled as a group because all commissioners are voting in support and taking them up together can help speed up a voting meeting. Members of the public are allowed to speak to the items on the Consent agenda, but they do not have the benefit of having the item be presented and discussed by commissioners individually as the case is for Regular agenda items. Given that the bulk of the proceedings the CPUC commissioners votes on at the voting meetings concern rate-setting proceedings it happens that some of these cases have been placed as consent items on the agenda. The author opposed this practice, particularly for recent ratesetting cases that resulted in rate increases for customers of Pacific Gas & Electric (PG&E). This bill would require the rate-cases for PG&E, San Diego Gas & Electric, and Southern California Edison, would be prohibited from being included as consent items in future voting

meetings and would require the CPUC to allot at least 30 minutes for these ratesetting cases, if the number of public commenters merits the need for 30 minutes.

RPS and POUs. SB 100 (De León, Chapter 312, Statutes of 2018), and previous RPS updates (SB 350, Chapter 547, Statutes of 2015), include an exemption for POUs that requires they procure renewable energy only up to the retail sales unserved by large hydroelectric generation. This applies to POUs that generate more than 40% of their electricity from existing large hydroelectric sources in a given year. The goal of this exemption is to prevent unnecessary over-procurement of renewable energy, while recognizing that hydroelectric generation is a flexible and zero carbon resource that complements intermittent renewables. The exemption applies only through the year 2030, while the RPS program itself extends indefinitely beyond 2030. This gap between the exemption timeline and expected lifetime of the RPS program affects a very small group of POUs who source much of their renewable energy from large hydroelectric generation. However, for these utilities the dollar impacts of aligning the large hydroelectric exemption with the duration of the RPS program are substantial.

The City of Palo Alto Utilities (CPAU) is one of the POUs negatively affected by expiration of this exemption; their analysis estimates it will cost CPAU roughly \$25 million from 2030 – 2045 in excess renewable energy procurement. The additional purchase of unneeded renewable energy will also increase electric rates for other utilities, particularly as the current energy market is very tight and has been characterized as a seller's market. From CPAU's perspective, this is an unacceptable prospect considering the affordability issues that California utility ratepayers face. Based on current resource portfolios, other potentially affected POUs include Biggs, Gridley, Healdsburg, and Silicon Valley. This bill would clarify that the current exemption continues beyond the 2030 date to include future compliance periods.

Related/Prior Legislation

AB 705 (Boerner) of 2025, would have established the Independent Office of Audits and Investigations at the CPUC, which would be led by the Inspector General. The new office would be responsible for assessing accounting practices, or any fraud or malfeasance among other responsibilities. The bill was held in the Senate Appropriations Committee.

AB 13 (Ransom) of 2025, establishes additional legislative oversight and proposes reform of the CPUC, to include, among other mandates, specific requirements for

CPUC commissioner appointees and additional CPUC reporting requirements to the Legislature. The bill is pending in the Senate Appropriations Committee.

SB 386 (Caballero) of 2020, would have limited the RPS obligations for Turlock and Modesto Districts to the electricity demands that are unsatisfied by the Don Pedro Hydroelectric Project, and in exchange requires the districts to procure energy storage, as specified. The bill was held in the Senate, Energy, Utilities and Communications Committee.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2017 which increased the RPS requirement from 50% by 2030 to 60%, and creates the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy.

SB 350 (De León, Chapter 547, Statutes of 2015) established the goal of receiving 50 of California's electricity from eligible renewable energy resources.

SB 591 (Cannella, Chapter 520, Statutes of 2013) limited the Merced Irrigation District's RPS obligation to the electricity demands that are unsatisfied by the New Exchequer Dam.

SBX1 2 (Simitian, Chapter 1, Statutes of 2011-12 First Extraordinary Session) required retail sellers of electricity and POUs to procure at least 33% of their electricity from renewable resources by 2020.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

- According to the Senate Appropriations Committee: the CPUC estimates ongoing costs of about \$700,000 annually (ratepayer funds) for three positions to support the increased length of Commission agenda meetings and to otherwise implement the provisions of this bill.

SUPPORT: (Verified 9/2/25)

Media Alliance
Northern California Power Agency

OPPOSITION: (Verified 9/2/25)

None received

ARGUMENTS IN SUPPORT: Media Alliance states:

A fundamental public policy precept is the people most impacted by any action of a legislative or regulatory body need to have input into the policy. A consent calendar process robs both the taxpaying public of the opportunity to explain how the action will affect them and it robs regulators of necessary input prior to their vote. Obviously, no one likes rate increases and even if they are necessary, it can be a hard pill to swallow, but it is important that regulators and legislators of all kinds face the public, explain their rationale for the action they are taking and hear about how that affects the people. Using the consent process, which is intended for administrative efficiency, to short circuit that responsive process is undemocratic and angers the public. Moreover, it makes it extremely difficult for the public to understand why rates are going up, what the rate increase is going to be used for and what problems the regulatory agency is trying to address by agreeing to another rate increase.

ASSEMBLY FLOOR: 69-0, 5/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Boerner, Carrillo, Flora, Gallagher, Jeff Gonzalez, Irwin, Celeste Rodriguez, Sanchez, Wallis

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
9/2/25 11:33:00

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