SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1301 (Petrie-Norris) - Electricity

Version: June 18, 2026
Urgency: No
Hearing Date: June 29, 2026

Policy Vote: E., U. & C. 17 - 0
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would make various changes to code regarding the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), including, but not limited to, extending the sunset of the Energy Conservation Assistance Act (ECAA) from 2028 to 2038, removing existing law that specifies that the CEC's Public Advisor must be an attorney, and exempting electrical cooperatives from provisions of the Public Utilities Act effective after January 1, 2027, unless statute expressly applies those provisions to electrical cooperatives.

Fiscal Impact:
- Unknown but likely significant ongoing fiscal impacts to the General Fund and possibly tax-exempt revenue bonds or other funding sources potentially in the tens or even low hundreds of millions of dollars, due to the ten-year sunset extension of the ECAA program.
- The CEC estimates any changes in administrative costs due to extending the program are likely to be minor and absorbable.

Background:

<u>ECCA program.</u> The ECAA program was established in statute in 1979. ECAA is a low-interest and no-interest loan program administered by the CEC to provide loans to local governments, public schools, hospitals, and public care institutions to fund energy efficiency and renewable energy projects. These projects include: energy efficient lighting, high efficiency heating, ventilating and air conditioning (HVAC) systems, and most recently, solar photovoltaic installations. The ECAA statute requires that the costs of the project, plus interest on state funds loaned, be recovered through energy cost savings during the repayment period of the loan awarded. The repayment period cannot exceed the useful life of the equipment funded by the loan and must not exceed 20 years. ECAA loans are capped at $3 million and are awarded to eligible entities on a first-come, first-served basis.

<u>ECCA funding.</u> The ECAA program is a revolving loan program; that is, funding of new loans is approved using monies receipted twice a year from current loan repayments. However, the state has also supplemented overall ECAA funding from a variety of sources over the years, including the General Fund and tax-exempt revenue bonds.

Since its inception, the ECAA program has awarded nearly 1,000 loans and never experienced a default on a loan repayment. As of 2021, the CEC reported that there were 101 ECAA regular loans (one percent interest loans for eligible public institutions that are not K-12 schools) in repayment status with total outstanding balance due of

$74.5 million. The CEC expected repayment receipts for ECAA-regular loans in the amount of $5.3 million as of July 2021, plus about $6.5 million available in the account (total of $11.8 million). For the ECAA-Ed subaccount, the CEC noted there was about $18.5 million available and anticipated repayment receipts of about $1.7 million by July 2021 (total of $20.2 million). As such, as of the month of reporting, the anticipated total amount for the ECAA program was roughly $31 million with continued loan repayments expected to grow the fund.

Proposed Law: This bill would:

1. Remove provisions in existing law that require the CEC's Public Advisor to be an attorney.

2. Extend the sunset date for the ECAA program from January 1, 2028, to January 1, 2038.

3. Specify that, for provisions of the Public Utilities Act effective after January 1, 2027, an electrical cooperative is subject to a provision of the Public Utilities Act only if the provision expressly specifies that it applies to an electrical cooperative.

4. Modify the deadlines for completing specified regular reports for the CEC's Equitable Building Decarbonization program and the CPUC's Family Electric Rate Assistance (FERA) program.

5. Remove outdated references in code, including references to the EOB.

6. Make various technical, non-substantive changes in statutes regarding the CPUC and CEC.

Related Legislation:

AB 1533 (Utilities and Energy Committee, Chapter 353, Statutes of 2024) was an omnibus bill making various changes to statutes related to the CEC and CPUC, including deleting outdated statutes.

AB 33 (Ting, Chapter 226, Statutes of 2021) expanded the list of projects eligible for ECAA funding to include installation of energy storage systems and EV charging infrastructure. The bill also expanded the entities that can participate in ECAA to include California Native American tribes.

SB 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017) allocated remaining funds from Proposition 39 to the ECAA-Ed program and established a competitive solicitation process for those awards.

SB 1207 (Hueso, Chapter 675, Statutes of 2016) extended the sunset on ECAA from January 1, 2018, to January 1, 2028, and made other technical and clarifying changes.

SB 506 (Hueso, Chapter 150, Statutes of 2019) reinstated the Attorney General's authority to act as the successor to the EOB indefinitely.

SB 1524 (Committee on Utilities and Commerce, Chapter 343, Statutes of 2015), extended the Attorney General's authority to act as the successor to the EOB from 2016 to 2018.

SB 1533 (Padilla, Chapter 226, Statutes of 2012) extended the Attorney General's authority to act as the successor to the EOB from January 1, 2013 to January 1, 2016.

AB 1390 (Committee on Utilities & Commerce, Chapter 179, Statutes of 2011) designated the Attorney General as the successor to the EOB and tasked the Attorney General with the responsibility of representing the state in any litigation or settlement to obtain electricity ratepayer relief as a result of the 2000-2002 energy crisis.

Staff Comments:

This bill would extend the ECAA program for 10 years. As discussed above, the CEC's ECAA program provides low and no interest loans to state and to local governments, health facilities, educational institutions, and Native American tribes to implement projects in order to improve energy conservation, expand EV charging, and install behind-the-meter solar and storage systems. The CEC has operated the ECAA program since 1979. The Legislature has passed multiple measures expanding the program and extending its operation. Most recently, the Legislature passed AB 33 (Ting, Chapter 226, Statutes of 2021), which expanded the types of projects eligible for ECAA funding and expanded participation in the program to California Native American tribes. Under existing law, ECAA is scheduled to sunset in 2028. This bill would extend that sunset date to 2038.

Absent the extension, the current ECAA funds would revert to the General Fund or be used for other purposes. Therefore, by extending the program, this bill would result in a General Fund impact of an unknown but likely significant amount, possibly in the high tens or even low hundreds of millions of dollars. Historically, the state has supplemented overall ECAA funding from a variety of sources, including the General Fund and tax-exempt revenue bonds.

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