CONCURRENCE IN SENATE AMENDMENTS
CSA1 Bill Id:AB 1408¶Author:(Irwin)
As Amended Ver:August 29, 2025
Majority vote

SUMMARY

Requires electric utilities and the California Independent System Operator (CAISO) to evaluate, consider, and integrate surplus interconnection service (SIS) as part of various transmission and distribution planning and related processes.

Senate Amendments

1. Provide a definition of "surplus interconnection service" to be the unused portion of the assigned capacity in a large generator interconnection agreement, provided the total capacity at the interconnection point does not increase.

2. Clarify that the inclusion of SIS within the transmission plan is not exclusively for maximizing federal tax credits.

3. Afford electric investor-owned utilities (IOUs) and local publicly owned electric utilities (POUs) some flexibility concerning the requirement to use available interconnection capacity for SIS by adding the caveat "if feasible."

COMMENTS

Very generally, surplus interconnection capacity refers to the unused portion of interconnection capacity at an existing electricity generator's point of interconnection. For example, an older natural-gas fired electrical powerplant may be connected to the larger electrical grid by an electrical line and supporting infrastructure that is capable of transmitting a greater amount of electricity than the powerplant generates; therefore, there is said to be "excess" capacity on the line to accommodate other electricity sources, like a solar array, wind farm, or battery. Surplus Interconnection Service (SIS) allows new generating facilities to connect to the grid using the existing infrastructure, provided that the combined output does not exceed the originally approved interconnection capacity.

Perhaps the main advantage of using surplus capacity is that it allows a facility to connect to the grid relatively quickly, and cheaply, by avoiding lengthy studies that would be required of a new interconnection to the grid. However, SIS is typically limited to scenarios where no new network upgrades are required, and its availability is contingent upon the continued operation of the original generating facility.

Federal Energy Regulatory Commission Orders 2003, 845, and 2023 created a method to expedite interconnection requests by allowing customers to use existing transmission capacity to connect renewable energy projects to the grid. Order 845 specifically requires transmission providers to create a process for interconnection customers to use SIS at existing points of interconnection. CAISO has established the framework for SIS in compliance with FERC Order No. 845, allowing existing interconnection customers to transfer unused interconnection capacity to new generating facilities. This process is designed to optimize the use of existing infrastructure and facilitate the integration of additional renewable energy resources without necessitating new interconnection requests or extensive network upgrades. However, specific

information regarding the number of projects that have utilized SIS within CAISO's jurisdiction are currently unknown.

A recent Working Paper by researchers at the University of California at Berkeley have examined the potential for SIS in California, finding 15.7 gigawatts of California's 34 gigawatts of thermal capacity operates below 15% capacity factor, indicating severe underutilization of their interconnections. Similarly solar (25.6%) and wind (25.8%) utilize only a fraction of their available grid connections. The paper recommends many of the policies found in this bill, namely requiring SIS consideration within the statewide system planning.

According to the Author
According to the author: "California's ambitious electrification goals will require the addition of a myriad of clean energy resources to serve load by 2035. The CPUC estimates that California will need to add 56 gigawatts (GW) of clean power to serve load by 2035. Those clean energy projects must be connected to the grid after undergoing rigorous studies and impact reports. Only after an average four year study timeline for interconnection, these projects are added to a lengthening interconnection queue. The FERC and the U.S. Department of Energy have identified SIS as a savvy, medium-term solution to delays in the interconnection process. SIS allows for clean energy projects to be sited near or at existing fossil power plants and share power grid access. Many fossil power plants do not utilize their allotted operating capacity, allowing for other energy users to connect to the grid using the existing interconnection at the fossil power plant. This method expedites clean energy projects, and saves ratepayers money from the reduction in necessary transmission and distribution infrastructure."

Arguments in Support
According to Environment California, the sponsor of this bill: **"**Leveraging existing interconnection infrastructure offers a significant opportunity to rapidly expand our clean energy and storage capacity. By enabling new renewable generation and storage at sites already connected to the grid, we can bypass the often lengthy and complex process of developing new transmission infrastructure, leading to faster deployment of crucial clean energy resources. Furthermore, supporting surplus interconnection maximizes our ability to capture the expiring federal Investment Tax Credit (ITC) and Production Tax Credit (PTC). These federal incentives are essential for making renewable energy projects economically viable. The ability to quickly build and connect new clean energy and storage at existing sites will help project developers meet deadlines and fully utilize these credits, ensuring California benefits from substantial federal investment in our clean energy infrastructure."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations, this bill will not require additional state costs to implement and was thus recommended to the floor pursuant to Senate Rule 28.8.

VOTES:

ASM UTILITIES AND ENERGY: 18-0-0
YES: Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Fong, Mark González, Harabedian, Hart, Irwin, Papan, Rogers, Schiavo, Solache, Ta, Wallis, Zbur

ASM APPROPRIATIONS: 14-0-1
YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa
ABS, ABST OR NV: Sanchez

ASSEMBLY FLOOR: 79-0-0
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

SENATE FLOOR: 40-0-0
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

UPDATED

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