SENATE RULES COMMITTEE AB 1761
Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 1761
Author: Rogers (D), et al.
Amended: 8/13/26 in Senate
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 17-0, 6/30/26
AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Ashby, Becker, Caballero, Dahle, Gonzalez, Grove, Hurtado, McNerney, Reyes, Richardson, Stern, Strickland, Wahab

SENATE APPROPRIATIONS COMMITTEE: 5-0, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Seyarto, Dahle

ASSEMBLY FLOOR: 61-8, 5/27/26 - See last page for vote

SUBJECT: Electricity: calculation methodology: nonbypassable charges: data disclosure

SOURCE: California Community Choice Association

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to ensure that all data serving as a basis for any decision or ruling issued by the CPUC for the determination of a calculation methodology for any nonbypassable charge imposed on customers of a load-serving entity (LSE) for costs associated with contracts for generation resources or electrical corporation-owned generation is made available to LSEs, member association, and ratepayer advocates on behalf of customers.

ANALYSIS:

Existing law:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (Article XII of the California Constitution)

2) Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Public Utilities Code §451)

3) Defines an LSE as a community choice aggregator (CCA), electric service provider (ESP), and electrical corporation. (Public Utilities Code §380)

4) Requires the LSE to pay reentry fees associated with their customers involuntarily being returned to the service of the incumbent electrical corporation (also known as an electric investor-owned utility (IOU)), except in the case of default due to nonpayment. (Public Utilities Code §394.25 (e))

5) Requires that the bundled retail customers of an electrical corporation not experience any cost increase as a result of retail customers electing service from another provider or from implementation of a CCA program. Requires the CPUC to ensure that the departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load. (Public Utilities Code §§365.2 and 366.3)

6) Authorizes a CCA to aggregate the electrical load of interested electricity consumers within its boundaries and requires a CCA to file an implementation plan with the CPUC in order for the CPUC to determine a cost-recovery mechanism to be imposed on the CCA to prevent a shifting of costs to an electrical corporation's bundled customers. Specifies requirements to assess nonbypassable charges on the departing load to reimburse the electric IOU for electricity purchases on behalf of the customer. (Public Utilities Code §366.2)

7) Requires that the bundled retail customers of an electrical corporation do not experience any cost increase as a result of retail customers electing service from another provider or from implementation of a CCA program. Requires the CPUC to ensure that the departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load. (Public Utilities Code §§365.2 and 366.3)

This bill:

1) Requires the CPUC to ensure that all data serving as a basis for any decision or ruling issued by the CPUC, or in any proposal or analysis provided by CPUC staff, for the determination or application of a calculation methodology for any

nonbypassable charge imposed on customers of an LSE to recover costs associated with contracts, electrical corporation-owned generation, or any other resource or value included in that charge and any other charge derived from those costs, is made available to LSEs and ratepayer advocates on behalf of customers.

2) Requires the CPUC to require an electrical corporation, member association, LSE, or other party, in submitting a proposal or analysis for the determination or application of a calculation methodology for any nonbypassable charge imposed on customers of a LSE to recover costs associated with contracts, electrical corporation-owned generation, or any other resource or value included in that charge and any other charge derived from those costs, to make all data serving as a basis for that proposal or analysis available to LSEs and ratepayer advocates on behalf of customers.

3) Requires the data exclude any information that can reasonably be used to identify an individual, family, household, residence, or nonresidential customer.

4) Requires that the data meet specified requirements, including that it is made through a public disclosure, except for market-sensitive data, as provided.

Background

Electric utilities. There are two primary types of electric utilities serving customers in the state, one is an IOU, and the other is a publicly owned utility (POU) [additionally there are rural electric cooperatives who serve a very small fraction of the state]. Within the electric IOU, customers of IOUs who receive both energy procurement and distribution services from the utility are considered "bundled customers." IOUs' rates to customers are regulated by the CPUC to ensure they provide service at a just and reasonable rate. IOUs also have an obligation to serve all customers in their service territory and serve as providers of last resort. POUs, on the other hand, are publicly owned and governed by local governing boards who set the utility's rates.

Load-serving entities. Several other types of entities, referred to in statute as LSEs, procure electric generation resources and services on behalf of customers within the service territory of electric IOUs. In addition to electric IOUs, California's LSEs include ESPs who procure electricity to end-use customers who elect the services of the ESP instead of the incumbent electric IOU; and CCAs who are created by local governments who choose to procure energy on behalf of

customers in their jurisdiction. ESPs and CCAs continue to receive distribution, transmission, and utility billing services from the electric IOU.
century. However, the CPUC's experience regulating CCAs is much more limited. In 2002, statute first allowed the formation of CCAs as among many of the policy responses to the 2000-01 Energy Crisis. It was not until nearly a decade later that the first CCA—Marin Clean Energy—came into existence. The motivation for a local government to join or create a CCA can be many, but, in general, there is an element of local control and, to varying degrees, a belief that rates would be lower as compared to the electric IOU. Today, there are over 20 CCAs operating in the state with over 15 million customers (per estimates from California Community Choice Association (CalCCA)), with an expectation that the number of customers served by CCAs may continue to grow.

Power Charge Indifference Adjustment (PCIA). When customers depart from the procurement services of the incumbent electric IOU as either a DA or CCA customer, statute requires the CPUC to ensure that customers leaving the utility do not burden remaining IOU bundled customers with costs which were incurred to serve the departing customers, including energy planned to serve the customer. Statute also requires the CPUC to ensure that departing load customers do not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load. In order to ensure this "customer indifference," CCAs and DA customers are required to pay an exit fee – the PCIA – to account for the costs incurred on their behalf and to ensure remaining customers are not affected by the choice of these customers (or their local governments) to depart their load. The PCIA is the mechanism to ensure that the customers who remain with the electric IOU do not end up taking on the long-term financial obligations the utility incurred on behalf of now-departed customers. The goal is ensuring that remaining customers neither gain nor lose from other customers' departure. Examples of such financial obligations include utility expenditures to build power plants and, more commonly, long-term power purchase contracts with independent power producers. These departing load customers may represent a significant fraction of the customers within the electric IOU service territory. Without the PCIA, the remaining percent of customers would need to assume financial obligations incurred in anticipation of serving those customers that now receive energy procurement services from a CCA or DA provider.

Calculating the PCIA. The PCIA is calculated by taking the difference between the "actual portfolio cost," which represents the costs related to the utility's energy procurement and the "market value" of the portfolio. The market value is measured by a CPUC-approved methodology, known as the Market Price Benchmark (MPB), based upon the weighted average price of market transactions for energy index price, resource adequacy capacity (system, local and flexible), and renewable portfolio standard value. If the IOU's actual portfolio cost is above-market value, the departing load customers pay their share of the difference based on their power consumption. In instances where the PCIA may be negative, departing load customers receive a credit to offset against a departing load customer's future positive PCIA.

Calculation of PCIA Source: CPUC website		
PCIA Eligible Portfolio Cost **minus**	Portfolio's Market Value equals	**Power Charge Indifference Amount (PCIA) Revenue Requirement**
Contracted or Built Resources that represent procurement commitments prior to load departure	Calculation using Market Price Benchmark based on CPUC adopted methodology looking at recent market transactions	A bill credit or bill charge to departed load based on the vintage (year) of departure

PCIA revenue does not represent a profit, rather these are customer costs, as such, any changes to the PCIA affect customers, and not the profit of any entity. Additionally, the PCIA will vary depending on when a customer departed from the electric IOU and the procurement portfolio at the time. As such, each customer pays the assigned vintage PCIA, depending on the year when the customer departed. The PCIA revenue requirements and rates are calculated annually as part of each electric IOUs Energy Resource Recovery Account (ERRA) regulatory process. As noted in the CPUC's most recent decision (D. 25-06-049), "These processes are complex, often contentious, and regularly at issue in the annual ERRA forecast proceedings."

Comments

Need for this bill. The author states:

> …One tool to ensure customers receive energy bills that are fair and accurate is increased transparency in how Power Charge Indifference Account (PCIA) charges are calculated. …But since the PCIA was implemented, there has been no consistent standard for what data must be made available in any CPUC process or proceeding where the PCIA is set – so, while customers are being asked to pay this charge, they have no ability to fact check it. …Everyone makes mistakes, including investor-owned utilities (IOUs) and the California

Public Utilities Commission (CPUC). This is why transparency is crucial in the quest to reduce ratepayer costs. CCAs, ESPs and ratepayer advocates should have the data required to independently verify the charges impacting customers. Enabling transparency and ensuring the work is not done in a “black box” will provide the essential check and balances to ensure that costs to all ratepayers are fair and accurate.

Proponents seek greater data transparency. The sponsors and supporters of this bill express a need for greater transparency concerning the data informing the calculation methodology to determine the PCIA. CCAs contend there has been no specific standard for what data must be made available to the CCAs in the ERRA proceedings where the PCIA is established. They argue that in practice disclosure varies by the electric IOU and by the CPUC proceeding. As a result, they believe there is administrative inefficiencies and disputes in resolving the issue on a case-by-case basis. They seek legislative remedy to require consistency in the data disclosures afforded to them, other LSEs, and ratepayer advocates. They believe requiring the electric IOUs to disclose data as required by this bill will encourage IOUs to double-check their work. They note there have at times been errors in the accounting that would have resulted in collecting hundreds of millions from CCA customers, though in that case the electric IOU corrected the error after it was identified.

Data disclosures currently limited within the ERRA proceeding. Currently, the data disclosures that inform the PCIA are limited within the ERRA proceeding to parties within the proceeding. The data sharing confidentiality affords CCAs access to confidential monthly report data, but the non-disclosure agreements limit the use of this information to participate in the specific ERRA forecast proceeding for which the data is disclosed and only while the proceeding remains open. The confidentiality of electric procurement data is governed by Public Utilities Code §454.5(g) and CPUC decisions, including D.06-06-066, D. 06-12-030, D.07-05-032, and D.08-04-023. Pursuant to a 2022 CPUC decision (D. 22-07-008), CCAs’ reviewing representatives are authorized to disclose nonconfidential information to their clients once per the calendar quarter, as the CPUC found it was in the public interest to protect CCA customers from rate volatility and more frequent data access supports CCAs ability to forecast costs. The CPUC also required the electric IOUs to provide all confidential information from the ERRA Master Data Request to all reviewing representatives that have signed nondisclosure agreements with the utility for PCIA forecasting within five business days after each utility’s monthly ERRA reports is submitted to the CPUC. In the case of MPB calculation, the documents informing the MPB are public documents. However, for data not disclosed through the ERRA forecast proceeding, parties can pursue access through Public Records Act requests to the CPUC.

Long-standing effort by CCAs to secure greater data access. CCAs have long sought changes at the CPUC for greater data access. While the CPUC has not adopted their proposals in full, the CPUC has adjusted the data sharing requirements in response to the CCAs' requests. This bill would expand the data access to all data in connection with any nonbypassable charge (intended to cover only those within the PCIA) imposed on a CCA and ESP customer. This bill would not tie the data to the ERRA proceeding, and instead allow data access concurrently to LSEs, member association, and ratepayer advocates with any proposal, analysis, or CPUC-authorized nonbypassable charge to recover the costs of contracts or resources procured for the benefit of bundled customers regardless of whether the charge is expressly enumerated. This bill requires the data is made through a public disclosure, except for market-sensitive data, made available concurrently and in native file format. CCAs note that some files are provided as PDFs where the underlying formulas and data are not accessible.

Electric IOUs raise concerns about undermining existing CPUC confidentiality practices and rules. The electric IOUs contend the application of the data sharing proposed by this bill is broad. They argue that such broad disclosures would extend beyond the PCIA disputes into all aspects of utility ratemaking, resource planning, and procurement. It is unclear whether recent amendments to limit the data sharing to nonbypassable charges collected from unbundled customers fully resolves these concerns. They further argue that compliance with this bill's mandates would require the CPUC to develop, monitor, and enforce new disclosure standards on an ongoing basis. In general, they contend the CCAs have not identified what data gaps are lacking given the access they are afforded within the ERRA proceeding to determine the PCIA. They further contend this bill would result in profound information asymmetry in the state's retail market, with electric IOUs facing disclosure requirements that are not applied to CCAs and ESPs.

Prior/Related Legislation

(See Policy Committee analysis.)

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

According to the Senate Appropriations Committee, ongoing costs likely in the hundreds of thousands of dollars annually (ratepayer funds) for the CPUC to review, compile and prepare any data deemed appropriate for sharing, including market sensitive data, concurrent with any proposal or analyses related to nonbypassable charges. This work could require involvement of multiple sections of the CPUC's Energy Division, such as the Renewable Portfolio Standard or Resource Adequacy sections, depending on the specific proposal or analyses and associated data. In all cases, the Energy Division would have to analyze data in terms of confidentiality and in close coordination with the Legal Division. Finally, the Energy Division would need to support Legal in any required processes for data sharing and be available to respond to any questions from LSEs.

SUPPORT: (Verified 8/13/26)

California Community Choice Association (Source)
Supervisor Luis A. Alejo, Monterey County District 1
Supervisor Terra Lawson-Remer, San Diego County District 3
350 Bay Area Action
350 Humboldt
Acterra
Alliance for Retail Energy Markets
Ava Community Energy Authority
California Choice Energy Authority
California State Association of Counties
Central Coast Community Energy
Cities Association of Santa Clara County
Cities of: Belmont, Benicia, Buellton, Buena Park, Eureka, Goleta, Mill Valley, National City, Pico Rivera, Pinole, Rancho Mirage, San Jose, San Luis Obispo, San Mateo, Santa Barbara, Seaside, Vallejo, and Walnut Creek,
Clean Energy Alliance
Clean Power Alliance
Climate Action California
Climate Breakthrough
Counties of: Marin, Monterey, Santa Barbara, and Santa Clara
Elders Climate Action – NorCal and SoCal Chapters
League of California Cities
Madera County Economic Development Commission
Marin Clean Energy
Mothers Out Front Silicon Valley
Orange County Power Authority
Peninsula Clean Energy
Pioneer Community Energy

Redwood Coast Energy Authority
Rural County Representatives of California
Sacred Heart Community Service
San Francisco Public Utilities Commission
San Jose Community Energy Advocates
Silicon Valley Clean Energy
Sonoma Clean Power
Sonoma County Mayor's and Councilmembers' Association
The Climate Center
The Climate Reality Project - Silicon Valley Chapter
Town of Hillsborough
Valley Clean Energy

OPPOSITION: (Verified 8/13/26)

San Diego Gas and Electric Company
Southern California Edison

ARGUMENTS IN SUPPORT: According to the California Community Choice Association (CalCCA):

> One tool to ensure customers receive energy bills that are fair and accurate is transparency in how PCIA charges are calculated. The PCIA is a fee designed to ensure customers who leave utility generation service, like customers of a Community Choice Aggregator (CCA) or Energy Service Provider (ESP), pay their portion of legacy power costs. But since the PCIA was implemented, there has been no consistent standard for what data must be made available in any California Public Utilities Commission (CPUC) process or proceeding where the PCIA, or related charge, is set. Without adequate transparency, CCAs and ESPs are unable to verify the accuracy of the PCIA charges that their customers must pay and cannot confidently forecast rates – both of which are affordability tools needed to protect customers from unexpected rate increases. Additionally, the lack of consistent data creates costly disputes and inefficiencies in CPUC proceedings.

ARGUMENTS IN OPPOSITION: According to the Southern California Edison:

> AB 1761 is duplicative of existing, well-established CPUC data-access procedures. Today, load-serving entities and ratepayer advocates have access to

extensive utility data through CPUC-approved confidentiality frameworks, protective orders, and formal discovery mechanisms. These processes were specifically designed to balance transparency and protect market-sensitive or proprietary information. In particular, the CPUC's Decision (D.) 22-07-008 established steps that grant community choice aggregators (CCAs) access and ability to review market-sensitive information that could impact Power Charge Indifference Adjustment (PCIA) rate forecasts. CCAs have not utilized or indicated deficiencies in their ability to access data for PCIA ratemaking purposes as allowed under D.22-07-008. In the absence of a demonstrated gap or need, AB 1761 circumvents the existing rules and introduces new risks to the handling of market-sensitive information, requiring utilities to further secure that data and creating additional administrative burden.

ASSEMBLY FLOOR: 61-8, 5/27/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Wallis, Ward, Wicks, Wilson, Rivas
NOES: DeMaio, Dixon, Ellis, Hadwick, Johnson, Macedo, Sanchez, Valencia
NO VOTE RECORDED: Carrillo, Castillo, Chen, Davies, Flora, Gallagher, Lackey, Celeste Rodriguez, Blanca Rubio, Tangipa, Zbur

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
8/17/26 10:42:50

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