SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 222 (Bauer-Kahan)
Version: July 7, 2025
Hearing Date: July 15, 2025
Fiscal: Yes
Urgency: No
AM

SUBJECT

Data centers: power usage effectiveness: cost shifts

DIGEST

This bill requires the California Public Utilities Commission (CPUC) to establish a process for the owner of a data center, as defined, to submit the power usage effectiveness ratio, as defined, for the data center to the CPUC, as provided. The bill also requires the CPUC to assess the extent to which electrical corporation costs associated with new loads from data centers result in cost shifts to other electrical corporation customers, as specified.

EXECUTIVE SUMMARY

The author notes that the rapid development of the AI industry[1] is leading to increased construction of data centers in California,[2] which require large amounts of electricity. Additionally, the author points out that the construction of energy-intensive data centers often requires an expansion of grid infrastructure to accommodate increased energy demand. When this occurs, utility companies can seek approval from the CPUC to pass on the costs of electricity production and infrastructure upgrades to ratepayers. As noted in the Senate Committee on Energy, Utilities and Communications analysis of this bill "[f]ive of the anticipated facilities serving OpenAI could collectively use more electricity than three million households."[3] This bill is intended to address this issue by requiring the CPUC to assess the extent to which electrical corporation costs associated

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[1] Taiba Jafari,et al, *Projecting the Electricity Demand Growth of Generative AI Large Language Models in the US*, Center on Global Energy Policy, (Jul. 17, 2024), available at https://www.energypolicy.columbia.edu/projecting-the-electricity-demand-growth-of-generative-ai-large-language-models-in-the-us/.

[2] Dan Swinhoe, *PG&E: 3.5GW of data center capacity in California's connection pipeline over next five years*, Data Center Dynamics, (Jun. 24, 2024), available at https://www.datacenterdynamics.com/en/news/pge-35gw-of-data-center-capacity-in-connection-pipeline-over-next-five-years/.

[3] Sen. Comm. on Energy, Util. and Communications analysis of AB 222 (2025-26 reg. sess.) as amended May 23, 2025 at p. 3.

with new loads from data centers result in cost shifts to other electrical corporation customers. Additionally, the bill requires the CPUC to establish a process for the owner of a data center to submit the power usage effectiveness ratio for the data center to the CPUC, and requires the CPUC to include an assessment of electrical load trends for data centers as part of the 2027 edition of the integrated energy policy report. The only provision of this bill in this Committee's jurisdiction is the limitation on access to public records, and as such the analysis will only focus on this piece.

The bill is author sponsored. It is supported by various environmental organizations and the League of California Cities. It is opposed by various business organizations and advocates for the technology industry. The bill passed the Senate Committee on Energy, Utilities and Communications on a vote of 13 to 3.

PROPOSED CHANGES TO THE LAW

Existing law:

1) Authorizes the CPUC to supervise and regulate every public utility in the state and permits the CPUC to do anything that is necessary and convenient to exercise its power and jurisdiction. (Pub. Util. Code § 701.)

2) Authorizes the CPUC to set rates for public utilities and specifies that every cost charged by utilities to customers must be just and reasonable. (Pub. Util. Code § 451.)

3) Defines an electrical corporation as every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others. (Pub. Util. Code § 218.)

4) Defines "electrical or gas consumption data" as a customer's electrical or natural gas usage that is made available as part of an advanced metering infrastructure, and includes incremental and monthly meter-specific electricity data, to the extent produced by that infrastructure, and the name, account number, and address of the customer. Existing law prohibits electric and gas utilities from disclosing customers' electrical or gas consumption data without the customer's consent unless state law, federal law, or the CPUC orders the disclosure of the data. Utilities may also share customer consumption data with certain third parties for operational needs or implementation of certain utility programs if specific data protection requirements are met. (Pub. Util. Code § 8380.)

5) Requires the California Energy Commission (CEC) to adopt an integrated energy policy report (IEPR) every two years, with an update published every year. Existing

law specifies the contents of the IEPR and requires the CEC to report on major energy trends in the IEPR, including assessments of statewide electricity, natural gas and transportation fuel demands. (Pub. Res. Code § 25302.)

6) Provides, pursuant to the California Constitution, that the people have the right of access to information concerning the conduct of the people's business, and, therefore, the meetings of public bodies and the writings of public officials and agencies are required to be open to public scrutiny. (Cal. const. art. I, § 3(b)(1).)
    a) Requires a statute to be broadly construed if it furthers the people's right of access, and narrowly construed if it limits the right of access. (Cal. const. art. I, § 3(b)(1).)
    b) Requires a statute that limits the public's right of access to be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Cal. const. art. I, § 3(b)(1).)

7) Governs the disclosure of information collected and maintained by public agencies pursuant to the California Public Records Act (CPRA). (Gov. Code §§ 7920.000 et seq.)
    a) States that the Legislature, mindful of the individual right to privacy, finds and declares that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. (Gov. Code § 7921.000.)
    b) Defines "public records" as any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. (Gov. Code § 7920.530.)
    c) Provides that all public records are accessible to the public upon request, unless the record requested is exempt from public disclosure. (Gov. Code § 7922.530.)

This bill:

1) Requires the CPUC to include, as a part of the 2027 edition of the IEPR, an assessment of electrical load trends for data centers. The assessment shall include all of the following:
    a) A projection of future load trends from data centers.
    b) Identification of potential net peak load demands.
    c) Recommendations for mitigating data center electricity consumption impacts on the electrical grid, including any recommended energy efficiency and demand response measures.

2) Authorizes the CPUC to report data center energy consumption in an aggregate basis, but prohibits disclosure of data center energy consumption information in a

manner that would result in the disclosure of personally identifiable information or energy consumption data for a specific utility customer.

3) Requires the CPUC to establish a process for the owner of a data center to submit the power usage effectiveness ratio for the data center to the commission on a biannual basis. The owner of a data center shall submit the power usage effectiveness ratio for the data center in a manner and timeframe specified by the CPUC.

4) Defines, for purposes of 1) through 3), above, the following definitions:
    a) "Data center" means a room, or a portion of a room, in a building used primarily to house information technology equipment that serves a total information technology equipment load greater than 10 kilowatts and 20 watts per square foot of conditioned floor area.
    b) "Power usage effectiveness" means a ratio of the total energy consumption of a data center to the energy specifically used by the information technology equipment housed in that data center.

5) Requires the CPUC to assess the extent to which electrical corporation costs associated with new loads from data centers result in cost shifts to other electrical corporation customers. This assessment shall include all of the following:
    a) An analysis of potential electrical corporation costs associated with procurement to meet growing load demands from data centers' increased energy consumption.
    b) An analysis of potential electrical corporation costs associated with the installation of new transmission and distribution assets to serve new data centers or expansions of existing data centers.
    c) To the extent that the commission finds that electrical corporation costs to serve new loads from data centers will result in substantial cost shifts to other electrical corporation customers, the commission's assessment shall also identify opportunities to prevent or mitigate these costs.

6) Requires the CPUC, on or before January 1, 2027, to submit the assessment completed pursuant to this section to the relevant policy committees of the Legislature and publicly post a copy of the assessment on the CPUC's website.

7) Repeals these provisions on January 1, 2031.

8) Makes Legislative findings regarding limiting access to public records.

COMMENTS

1. Stated need for the bill

The author writes:

> Across California, energy-intensive data centers are being built to support the rapid expansion of the artificial intelligence (AI) industry. These data centers increase energy demand and frequently require expansions to the electrical grid; together, these factors threaten to increase energy costs for Californians. AB 222 increases transparency around data center energy use, and requires the Public Utilities Commission to assess cost shifting due to data center development. California's energy costs are already among the highest in the country, and ratepayers should not be forced to bear the additional costs of AI development.

2. Access to public records is a statutory and constitutional right

This bill limits the access to public records by providing that data center energy consumption can be reported in the aggregate, but not in a manner that would result in the disclosure of personally identifiable information or energy consumption data for a specific utility customer.

Access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. (Gov. Code § 7921.000.) In 2004, the right of public access was enshrined in the California Constitution with the passage of Proposition 59 (Nov. 3, 2004, statewide general election),[4] which amended the California Constitution to specifically protect the right of the public to access and obtain government records: "The people have the right of access to information concerning the conduct of the people's business, and therefore . . . the writings of public officials and agencies shall be open to public scrutiny." (Cal. Const., art. I, sec. 3 (b)(1).) In 2014, voters approved Proposition 42 (Jun. 3, 2014, statewide direct primary election)[5] to further increase public access to government records by requiring local agencies to comply with the CPRA and the Ralph M. Brown Act[6], and with any subsequent statutory enactment amending either act, as provided. (Cal. Const., art. I, sec. 3 (b)(7).)

Under the CPRA, public records are open to inspection by the public at all times during the office hours of the agency, unless they are exempt from disclosure. (Gov. Code § 7922.525.) A public record is defined as any writing containing information relating to

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[4] Prop. 59 was placed on the ballot by a unanimous vote of both houses of the Legislature. (SCA 1 (Burton, Ch. 1, Stats. 2004).)
[5] Prop. 42 was placed on the ballot by a unanimous vote of both houses of the Legislature. (SCA 3 (Leno, Ch. 123, Stats. 2013).)
[6] The Ralph M. Brown Act is the open meetings laws that applies to local agencies. (Gov. Code §§ 59450 et. seq.)

the conduct of the public's business that is prepared, owned, used, or retained by any public agency regardless of physical form or characteristics. (Gov. Code § 7920.530.) There are several general categories of documents or information that are permissively exempt from disclosure under the CPRA essentially due to the character of the information. The exempt information can be withheld by the public agency with custody of the information, but it also may be disclosed if it is shown that the public's interest in disclosure outweighs the public's interest in non-disclosure of the information. (*CBS, Inc. v. Block* (1986) 42 Cal.3d 646, at 652.). Additionally, some records are prohibited from disclosure or are specifically stated to not be public records. (*see* Gov. Code § 7924.110(a).)

California generally recognizes that public access to information concerning the conduct of the people's business is a fundamental and necessary right.[7] At the same time, the state recognizes that this right must be balanced against the right to privacy.[8] The general right of access to public records may, therefore, be limited when records include personal information. The bill states that this limitation on access to public records is needed to protect the confidential and proprietary information of an entity subject to the bill.

3. Statements in support

The League of California Cities writes in support, stating:

> […] AB 222 would require developers of AI models to estimate the total energy used to develop the model and the percentage of the total energy used to develop the model that was generated in California. The bill would require this information to be posted on their website, so it is publicly available. The bill would also require a data center to report energy consumption trends, its physical address, website, and data center point of contact to the Commission, so the Commission can include relevant information in their integrated energy policy report.
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> Data centers are an important type of development to attract and retain in California. Some cities may be involved with the siting of new or expanded data centers in their communities, where other cities may allow data centers to occupy vacant buildings where these data centers can run their server systems. While these are critically important technology investments for California to maintain for economic purposes, Cal Cities supports the goal of AB 222 which would provide transparency measures on energy consumption. AB 222 would provide for greater understanding of the estimated energy consumption of data centers to harden the grid to support their demand and prevent grid outages or load management impacts. […]

[7] Cal. Const., art. I, § 3; Gov. Code, § 7921.000.
[8] Cal. Const., art. I, § 1.

4. Statements in opposition

A coalition of various business organizations, including the California Chamber of Commerce and TechNet, write in opposition, stating:

> […] The recent amendments accepted by the author from the Senate Committee on Energy, Utilities and Communications moves the bill in a positive direction and we appreciate the ongoing engagement with the office. The committee amendments are helpful in acknowledging how reporting certain information raises privacy and security concerns, and the protections outlined in the amendments are helpful.
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> However, it is unclear why data centers would be the only industry subject to these additional reporting requirements when they are but one large end user of electric utilities and part of a larger portfolio driving increased demand. It is also unclear how existing reporting and benchmarking requirements through the Energy Commission don't already accomplish the purpose of understanding usage and allowing the Commission to evaluate usage trends. Additionally, utility providers already collect forecasting data from large end users as part of their grid planning exercises, and that extends beyond data centers. While Power Usage Effectiveness (PUE) is a metric that raises fewer concerns surrounding trade secrets, security, and privacy, there are also limitations. As noted in a December 2024 report by Virginia's Joint Legislative Audit & Review Commission, PUE "does not indicate a data center's overall energy efficiency; it measures only the efficiency of cooling and other building systems that support facility operations" and "[r]equiring a specific and narrow requirement, like meeting a specific PUE ratio, could have unintended consequences."1 By isolating only one end user of energy AB 222 would fail to provide a full picture of broader energy needs in the state, including other drivers with significant energy demands, and therefore, it is unclear what benefit such reporting would provide to California. As detailed further in the following comments, there is a diverse set of purposes across multiple industries driving increased electricity demand. Addressing the important issues of load growth and ensured responsible, effective grid planning would be more effectively addressed through active partnerships with utilities, grid operators, and regulators and communication, collaboration, and transparency among all stakeholders to ensure grid investments are data-driven, appropriately scaled, and protect all customers from unnecessary costs. […]

SUPPORT

350 Bay Area Action
350 Conejo/San Fernando Valley
350 Humboldt: Grass Roots Climate Action
350 South Bay LA
350 Southland Legislative Alliance

350 Ventura County Climate Hub
BanSup
California River Watch
City of Santa Barbara
Cleanearth4kids.org
Indivisible Alta Pasadena
Indivisible Green Team
League of California Cities
Santa Cruz Climate Action Network
Sierra Club
Solano County Democratic Central Committee
Sustainable Rossmoor

OPPOSITION

Bay Area Council
CA Blockchain Advocacy Coalition
CalAsian Chamber of Commerce
California African American Chamber of Commerce
California Chamber of Commerce
California Hispanic Chambers of Commerce
Central Valley Business Federation
Data Center Coalition
Los Angeles Business Federation
Orange County Business Council
San Diego Regional Chamber of Commerce
San Jose Chamber of Commerce
San Mateo County Economic Development Association
Santa Barbara South Coast Chamber of Commerce
Silicon Valley Leadership Group
TechCA
TechNet
Valley Industry & Commerce Association

RELATED LEGISLATION

Pending Legislation:

SB 57 (Padilla, 2025) would establish a tariff for customers with at least 50 MW of load interconnecting with transmission, identifies utility costs included in this tariff, requires the tariff to ensure just and reasonable rates, and prohibits cost shifts to customers who are not participating in the tariff. SB 57 is currently pending before the Assembly.

SB 58 (Padilla, 2025) would provide certain tax incentives for data center equipment if those data centers using the equipment meet certain job creation, economic investment, and renewable energy requirements. SB 58 is currently in the Senate Revenue and Taxation Committee.

Prior Legislation: SB 1298 (Cortese, 2024, would have increased the amount of thermal generation a data center could use as backup power from 100 MW to 150 MW without triggering the CEC's power plant siting process. The bill would have also created conditions for data centers to use this exemption. The bill died in the Assembly.

PRIOR VOTES

Senate Energy, Utilities and Communications Committee (Ayes 13, Noes 3)
Assembly Floor (Ayes 57, Noes 18)
Assembly Appropriations Committee (Ayes 11, Noes 3)
Assembly Privacy and Consumer Protection Committee (Ayes 10, Noes 1)
Assembly Utilities and Energy Committee (Ayes 13, Noes 5)
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