Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 2266 (Schultz) – As Amended April 13, 2026

Policy Committee: Utilities and Energy Vote: 17 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires the California Public Utilities Commission (CPUC), when setting resource adequacy (RA) and resource procurement obligations for load-serving entities (LSEs) — meaning certain entities that provide retail electrical service, such as investor-owned utilities (IOUs) and community choice aggregators (CCAs) — to use a standard method to assess the reliability contribution of each resource type and makes other related changes.

More specifically, this bill:

1) Requires the CPUC, by January 1, 2030, (a) when setting RA and energy resource procurement obligations for LSEs, to use the same capacity valuation method — that is, the method used to quantify the reliability contribution that a resource provides to the grid — to assess the reliability contribution of each resource type to ensure consistent short-term, midterm and long-term reliability outlooks and (b) to initiate a process to consolidate compliance reporting for LSEs for three program areas—RA, the renewable portfolio standard (RPS) and integrated resource planning (IRP)—into a single compliance reporting process.

2) Directs the CPUC, if the California Independent System Operator (CAISO) exercises its backstop procurement authority to ensure sufficient resources to operate the electrical grid in a calendar year, to include in its annual public RA report for that calendar year an explanation of whether the backstop procurement need arose due to any noncompliance by LSE or due to differences in methodology between the CPUC and CAISO in assessing the reliability contribution of different resource types.

FISCAL EFFECT:

This bill requires significant new analytical and regulatory work of the CPUC to apply a standard capacity valuation method to assess the reliability contribution of various resource types. The bill also creates significant analytical and administrative work for the CPUC to include in its annual public RA report explanations of whether CAISO backstop procurement, should it occur, arose from noncompliance by an LSE or due to differences in methodology between the CPUC and CAISO in assessing the reliability contribution of different resource types.

The CPUC estimates the cost of this workload to be approximately $1.7 million (Public Utilities Commission Utilities Reimbursement Account (PUCURA)) ongoing for seven new staff positions and associated resources, as follows (all cost annual): (1) two senior regulatory analysts

($218,000 each) and two regulatory analysts ($185,000 each) to initiate methodology standardization and assess resource reliability and the potential effect of changing the capacity valuation method, (2) two utilities engineers ($185,000 each) to manage processes to hire a technical consultant, as well as manage the project and the consultant, consult with the IT project manager and manage the project budget and work plan, (3) one analyst ($160,000) to provide administrative support, (4) $250,000 to maintain a database and (5) $150,000 for various IT licenses and subscriptions.

In addition, the CPUC contends it will need a one-time contract of up to $5 million (PUCURA) for a consultant contract to modify the current web-based compliance report intake system and incorporate newly developed reporting templates and increased RPS database functions.

COMMENTS:

The CPUC requires each LSE to demonstrate it has procured sufficient energy resources to meet its legal obligations. One such obligation is that the LSE demonstrates to the CPUC each month that it has procured an adequate supply of energy resources to meet (1) its portion of the energy needs of entire electrical system (system reliability), (2) the energy needs of a local area (local reliability) and (3) energy resources to meet rapid increases in demand (flexible capacity). Together, this obligation is referred to resource adequacy, or "RA."

In addition, the CPUC requires each LSE to file with it every three years an integrated resource plan (IRP), which demonstrates how the LSE will procure energy resources sufficient to meet increasingly stringent obligations that such resources be renewable, pursuant to the RPS, and not emit greenhouse gases.

The CPUC uses differing metrics to determine the capacity value of energy resources the LSEs procure to meet each of the differing types of RA obligations and the meet their RPS and IRP requirements. The author contends the CPUC's differing methods of measuring capacity, which the author describes as "a patchwork of CPUC processes," make it difficult, and costly, for LSEs to comply with their procurement obligations. The author describes this bill as "increasing transparency of compliance data through streamlined reporting."

In addition, the bill addresses situations in which the CAISO, which manages the state's electrical transmission grid and ensures electrical supply and electrical demand are constantly balanced, must exercise its "backstop procurement authority" by procuring electricity on an emergency, and usually costly, basis. Typically, CAISO exercises this authority because, for a variety of reasons, the state's LSEs have not procured sufficient energy resources, the CPUC's RA program notwithstanding. This bill requires the CPUC to explain whether CAISO used its backstop procurement because of noncompliance by an LSE with its RA obligations or because of differences in methodology between the CPUC and CAISO in assessing the reliability contribution of different resource types. According to the author, this requirement will "reduce situations in which California must rely on expensive, last minute backup resources" while ensuring "procurement outcomes are evaluated against real-world performance."

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