

ASSEMBLY THIRD READING  
AB 2266 (Schultz)  
As Amended April 13, 2026  
Majority vote

## SUMMARY

Requires the California Public Utilities Commission (CPUC), by January 1, 2030, to use a single, uniform capacity valuation method when setting the resource adequacy (RA) and resource procurement obligations of each load-serving entity (LSE) – meaning certain entities that provide retail electrical service, such as investor-owned utilities (IOUs) and community choice aggregators (CCAs) – and to initiate a process to consolidate LSE compliance reporting across the RA, Integrated Resource Plan (IRP), and Renewables Portfolio Standard (RPS) programs into a single reporting framework.

Additionally, 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.

## Major Provisions

## 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 the entire electrical system (system reliability), 2) the energy needs of a local area (local reliability) and 3) the energy resources to meet rapid increases in demand (flexible capacity). Together, this obligation is referred to as 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**

According to the author, "The creation of a streamlined CPUC workstream to plan, evaluate, and continuously improve the integration of clean energy resources into California's grid will deliver meaningful gains in economic efficiency, reliability, and transparency benefits for all customers and stakeholders. As we built on California's success as a clean energy leader, California's separately enacted clean energy policy programs resulted in a patchwork of CPUC processes. With the substantive policy foundation now laid, the next step is to streamline these overlapping regulatory processes. AB 2266 will reduce the regulatory burden on all load serving entities and interested stakeholders by increasing transparency of compliance data through streamlined reporting. Further, AB 2266 seeks to reduce situations in which California must rely on expensive, last minute backup resources by reconciling internal CPUC inconsistencies in the calculation of the reliability benefit of each resource type, while at the same time creating a "look back" requirement within the CPUC's annual resource adequacy reporting to ensure that procurement outcomes are evaluated against real-world performance, thereby reducing costs, and maintaining California's lead in clean energy deployment."

### **Arguments in Support**

This bill is supported by Ava Community Energy, the Alliance for Retail Energy Markets (AReM), and the Environmental Defense Fund. AReM notes that "the inconsistent application of capacity valuation methods to the same molecule of energy depending on which program is looking causes challenges in the marketplace and increases the potential for over- or under-calculations." AReM goes on to note the bill "will help streamline the integration of renewables into the grid, improve reliability procurement processes, increase public transparency, and keep costs low for California."

### **Arguments in Opposition**

The Independent Energy Producers Association (IEPA) have an Oppose Unless Amended position on this bill, noting "requiring one capacity valuation methodology will not reduce over procurement or drive down costs" and that the bill could put "reliability at risk, leading to expensive and dirty backup procurement." IEPA is seeking an amendment to strike the requirement in the bill that the same capacity valuation method be used for the RA and IRP programs.

## **FISCAL COMMENTS**

According to the Assembly Committee on Appropriations, the CPUC estimates the cost of new workload from this bill would be approximately \$1.7 million, ongoing. In addition, the CPUC estimates it will need a one-time contract of up to \$5 million for a consultant contract to modify the current compliance report intake system.

## VOTES

### ASM UTILITIES AND ENERGY: 17-0-1

**YES:** Petrie-Norris, Patterson, Boerner, Calderon, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

**ABS, ABST OR NV:** Chen

### ASM APPROPRIATIONS: 15-0-0

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

## UPDATED

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