SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Benjamin Allen, Chair
2025 - 2026 Regular

Bill No:	AB 2369	**Hearing Date:**	6/30/2026
Author:	Rogers		
Version:	5/18/2026 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Electricity: energy storage: energy-only resources

DIGEST: This bill requires California's energy agencies providing transmission-focused information to the California Independent System Operator (CAISO) to identify cost-effective opportunities to increase the reliability contribution or mitigate congestion of planned or existing energy-only resources through transmission capacity expansions.

ANALYSIS:

Existing law:

1) Establishes that U.S. Federal Energy Regulatory Commission (FERC) has exclusive jurisdiction over the transmission of electric energy in interstate commerce. Also establishes the process and procedures for establishing transmission of electric energy in interstate commerce by public utilities, i.e., the rates, terms & conditions of interstate electric transmission by public utilities. (Federal Power Act §§§201, 205, 206 (16 USC 824, 824d, 824e))

2) Establishes the CAISO as a nonprofit public benefit corporation, and requires the CAISO to ensure the efficient use and reliable operation of the electrical transmission grid consistent with the achievement of planning and operating reserve criteria, as specified. (Public Utilities Code §345.5)

3) Establishes the California Public Utilities Commission (CPUC) with jurisdiction over all public utilities, including electrical and gas corporations. Grants the CPUC certain general powers over all public utilities, subject to control by the Legislature. (Article XII of the California Constitution)

4) Requires the California Energy Commission (CEC) to conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices and to use these assessments and forecasts to develop and evaluate energy policies and programs that conserve

resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety. (Public Resources Code 25301(a))

5) Requires the CPUC, as part of the Public Utilities Act, to identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner. The act also requires the CPUC, in consultation with the State Energy Resources Conservation and Development Commission (also known as the CEC), to identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation, as specified. (Public Utilities Code §§454.51 and 454.55)

6) Requires the CPUC, in consultation with the CEC, to provide transmission-focused guidance to the CAISO about resource portfolios of expected future renewable energy resources and zero-carbon resources, as specified, to allow the CAISO to identify and approve transmission facilities needed to interconnect resources and reliably serve the needs of load centers. Requires the CPUC and the CEC to annually provide projections to support the CAISO's planning and approvals in its annual transmission planning process, as provided. (Public Utilities Code §454.57)

This bill requires the CPUC and CEC, as part of providing projections to the CAISO, to also identify cost-effective opportunities to increase the reliability contribution or mitigate congestion of planned or existing energy-only resources through transmission capacity expansions.

Background

CAISO. The CAISO is a nonprofit public benefit corporation created by California statute as part of the effort to deregulate the electricity market in the late 1990s. The CAISO manages the flow of electricity across the high-voltage bulk power system that makes up 80% of California's, and a small part of Nevada's, electric grid. CAISO is registered as both a transmission operator and balancing authority (BA) under federal reliability requirements. As a general matter, BAs may contain transmission operators. As with other BAs, the CAISO is regulated by federal statute and regulations with oversight by FERC and the North American Energy Reliability Corporation (NERC).

Transmission planning process. Each year, the CAISO conducts its transmission planning process to identify potential system limitations as well as opportunities for system reinforcements that improve reliability and efficiency. The transmission

plan fulfills the CAISO's core responsibility to identify and plan the development of solutions, transmission or otherwise, to meet the future needs of the electricity grid. The CAISO Transmission Plan provides a comprehensive evaluation of the CAISO transmission grid to address grid reliability requirements, identify upgrades needed to successfully meet California's policy goals, and explore projects that can bring economic benefits to consumers. The plan relies heavily on key inputs from state agencies in translating legislative policy into actionable policy driven inputs. The development of the transmission plan entails annual public stakeholder process that is conducted pursuant to the CAISO's FERC-approved tariff. It includes a three-phase process that leads to annual CAISO Board of Governor approval of transmission plan and associated transmission projects. The plan is prepared in the larger context of supporting important energy and environmental policies while maintaining reliability through a resilient electric system.

There are three main categories of CAISO approved transmission projects:

- Reliability projects to meet federal standards.
- Policy projects to meet state policy goals (i.e., renewable portfolio standard).
- Economic projects that reduce congestion, production costs, transmission losses, capacity requirements or other electric supply costs.

Additionally, there are other transmission planning efforts, including local capacity requirements, special studies, interregional transmission project, and others. Transmission owners recover the costs of CAISO-approved projects through the Transmission Access Charge (TAC). The transmission owner submits an application to FERC to recover project costs. FERC approves just and reasonable costs and rate of return. CAISO charges transmission customers based on FERC-approved costs.

Forecasting by CEC and supply-side inputs by CPUC. The CEC conducts demand forecast that is used to inform several planning processes, including the CAISO's transmission planning process. The demand forecast is often a 10-year (recently 15-year) outlook for electricity and natural gas sales, consumption, and peak and hourly electricity demand. Additionally, the CPUC provides energy resource supply-side inputs, including an annual resource portfolio, to inform the transmission planning by the CAISO.

Transmission Development Forum. The Transmission Development Forum is a recent joint effort between the CAISO and the CPUC to discuss and track Participating Transmission Owners expansion and network upgrade projects and schedules. The Transmission Development Forum creates a single forum to track the status of transmission network upgrade projects that affect generators and all

other transmission projects approved in the CAISO's transmission planning process. The effort allows for increased transparency for all stakeholders about transmission projects and enhances accountability of transmission owners by having them explain schedule changes, delays, and address stakeholders' questions.

Tracking Energy Development (TED) Task Force. The TED Taskforce is also a recent joint effort of the CPUC, CEC, CAISO, and the Governor's Office of Business and Economic Development (GO-Biz) to track new energy projects under development. According to the CPUC, the objective is to build on the success of ad hoc 2021 efforts to provide energy resource project development support, as appropriate, and identify barriers and mitigation strategies to accelerate energy project development.

SB 100 (De León, Chapter 312, Statutes of 2018). SB 100 established the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50% by 2030 to 60% and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy. SB 100 also required California Air Resources Board (CARB), CEC, and CPUC to issue a joint report by January 1, 2021, and at least every four years, that describes technologies, forecasts, affordability, and system and local reliability. The report is required to include an evaluation of costs and benefits to customer rate impacts, as well as barriers to achieving the SB 100 policy. The first Joint Agency report was issued January 2021.

CAISO 20-year Transmission Outlook. The CAISO embarked on creating a 20-Year Transmission Outlook for the electric grid, in collaboration with the CPUC and the CEC, with the goal of exploring the longer-term grid requirements and options for meeting California's greenhouse gas (GHG) reduction and renewable energy objectives reliably and cost-effectively. The CAISO also intends for the expanded planning horizon to provide valuable input for resource planning processes conducted by the CPUC and CEC, and to provide a longer-term context and framing of pertinent issues in the CAISO's ongoing annual 10-Year Transmission Plan.

SB 887 (Becker, Chapter 358, Statutes of 2022). SB 887 required the CPUC and CEC to provide forecasts and inputs to the CAISO that extend at least 15 years into the future to inform transmission planning process. Specifically, SB 887 required the CPUC, in consultation with the CEC and CARB, to provide transmission-focused guidance to the CAISO about resource portfolios of expected future renewable energy resources and zero-carbon resources. Required the guidance to

include allocation of resources by region, make full use of studies completed before January 1, 2023, and additional projections each year to support the CAISO's planning and approvals in its annual transmission planning process. The legislation also required the CPUC and CEC to provide 15-year resource portfolios and demand forecasts, provide load growth projections that achieve economy-wide GHG reductions, eliminate the need for carbon-emitting resources for reliability in locally constrained regions by no later than 2035, among other provisions.

Comments

Need for this bill. According to the author:

> Today, most of California is functionally off-limits to new renewable energy development due to a lack of interconnection availability caused by transmission constraints. This is especially acute in Northern California, where there is great potential for expansion of wind and geothermal resources. Over 21 gigawatts of projects currently in the queue are functionally unable to be interconnected to the grid, and that's just in 2026. The state risks losing hundreds of GWs of projects over the next two decades if this challenge is not addressed, along with the associated ratepayer benefits, jobs, and reinvestment in our communities. A new approach to grid management can help resolve this problem by allowing vastly more clean energy resources to interconnect to the grid through a smarter approach to grid management. Simply put, California will not reach our ambitious clean energy goals without a better approach to interconnecting new projects to the grid.

Energy-only resources. Energy-only resources are those that generating resources that are interconnected to the electric grid but are not studied for deliverability. The CAISO has begun exploring pathways through its Interconnection Process Enhancements to allow certain energy-only resources to seek deliverability after coming online, where sufficient transmission capacity exists and no network upgrades are required. Under this concept, some projects may come online earlier as energy-only and later obtain deliverability if conditions permit.

This bill amends the SB 887 transmission-focused guidance to identify cost-effective opportunities to connect energy-only resources. Specifically, this bill requires the CPUC, CEC, and CARB when providing transmission-focused guidance to the CAISO to identify cost-effective opportunities to increase the reliability contribution or mitigate congestion of planned and existing energy-only resources through transmission capacity expansions. The proponents for this bill contend this approach will help ensure California is taking better advantage of

connecting clean energy resources more quickly to help achieve our clean energy goals.

Prior/Related Legislation

AB 2111 (Papan, 2026) requires various actions to better incorporate uncertainty and risk in resource portfolio planning to inform transmission planning. The bill requires the CEC and CPUC, in coordination with CAISO, on or before January 1, 2028, to incorporate specified requirements into an update to the Memorandum of Understanding (MOU) regarding transmission and resource planning adopted by the CEC, CPUC, and CAISO on December 23, 2022, and any related workplan. The proponents of the bill seek greater certainty to connect energy-only resources by requiring risk-prudency and uncertainty to be more formally injected within the existing guidance for transmission planning. The bill is pending in the Senate Appropriations Committee.

SB 887 (Becker, Chapter 358, Statutes of 2022) among its provisions, required the CPUC, in consultation with the CEC and the CARB, to provide transmission-focused guidance to the CAISO about resource portfolios of expected future renewable energy resources and zero-carbon resources to allow the CAISO to identify and approve transmission facilities needed to allow for full deliverability of those resources to load centers.

SB 254 (Becker, Chapter 119, Statutes of 2025) established the Transmission Infrastructure Accelerator and required the Go-Biz Energy Unit, in coordination with specified entities, to develop a financing and development strategy for eligible transmission projects, select projects that may receive public financing, and take steps to accelerate transmission development.

AB 2779 (Petrie-Norris, Chapter 741, Statutes of 2024) required the CAISO, upon approval of each transmission plan, to report to the CPUC and the relevant policy committees of the Legislature any new use of grid-enhancing technology deemed reasonable in that plan, and the costs and efficiency savings associated with that technology.

SB 1006 (Padilla, Chapter 597, Statutes of 2024) required electrical corporations to evaluate the use of advanced conductors and grid-enhancing technologies to increase transmission capacity and to report those evaluations to the CAISO.

SB 319 (McGuire, Chapter 390, Statutes of 2023) required specified actions related to electric transmission planning, including: requires a review and update to a December 2022 MOU and related workplan among California energy agencies and CAISO the development of an electrical transmission infrastructure guidebook; and a report to the Legislature regarding the status of transmission projects.

SB 1174 (Herzberg, Chapter 229, Statutes of 2022) required certain CPUC reports and assessments, including to identify interconnection transmission projects and prioritize necessary approvals.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2018, which increased the RPS requirement from 50% by 2030 to 60% and established a state policy that eligible renewable and zero-carbon resources supply 100% of retail electricity sales by December 31, 2045.

SB 350 (De León, Chapter 547, Statutes of 2015) established the Clean Energy and Pollution Reduction Act of 2015, which increased the RPS requirement from 33% to 50% by 2030 and created the IRP process at the CPUC to ensure long-term electricity planning aligns with the state's GHG reduction targets while maintaining reliability and controlling costs.

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

SUPPORT:

Abundance Network (Co-Sponsor)
Sonoma Clean Power (Co-Sponsor)
California Community Choice Association
County of Humboldt
The Nature Conservancy

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the co-sponsors of the bill:

> Today, most of California is functionally off-limits to new clean energy development due to a lack of interconnection availability caused by transmission constraints. Our state risks losing hundreds of gigawatts' worth of diverse clean energy projects over the next two decades – along with the associated ratepayer benefits, jobs, and reinvestment in our communities – if this challenge is not addressed. … AB 2369 can help resolve this problem by allowing clean energy resources to interconnect to the existing grid more quickly and on a much greater scale.

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