

THIRD READING

Bill No: AB 2369
Author: Rogers (D)
Amended: 8/21/26 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: 6-1, 8/13/26

AYES: Cervantes, Cabaldon, Dahle, Grayson, Richardson, Wahab

NOES: Seyarto

ASSEMBLY FLOOR: 63-8, 5/26/26 - See last page for vote

SUBJECT: Electricity: energy storage: energy-only resources

SOURCE: Abundance Network
Sonoma Clean Power

DIGEST: This bill requires specified actions to increase the opportunities for the deployment of energy-only resources, including requiring California's energy agencies provide 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.

Senate Floor Amendments of 8/21/26 address chaptering amendments with AB 2476 (Ellis) and AB 2111 (Papan).

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. (Federal Power Act §§201, 205, 206 (16 United States Code (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.. (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. (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. Requires the CPUC to adopt a process for each load-serving entity (LSE) to file an integrated resource plan (IRP) and a schedule for periodic updates. Requires the CPUC, in consultation with the CEC and CAISO, to determine if there is a need for the procurement of eligible energy resources based on a review of the integrated resource plans. Requires the CPUC, in consultation with 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, 454.52, 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:

- 1) Requires the CPUC, when requiring procurement of resources under an IRP, to account for the ability of energy-only resources to achieve required clean energy deployment rates to charge storage resources during off-peak periods, and to increase resource diversity, and requires the CPUC to enable energy-only resources to satisfy procurement requirements to the maximum extent feasible.
- 2) Requires the CPUC and CEC, as part of providing projections to the CAISO, to also identify cost-effective opportunities to enable planned or operating energy-only resources to obtain deliverability through transmission capacity expansions, and to request the CAISO to reserve associated deliverability for geothermal and wind.
- 3) Requires the CPUC to designate energy-only resources as long-lead time resources for purposes of the CAISO's scoring in its interconnection process.
- 4) Incorporates additional changes to Section 454.52 of the Public Utilities Code proposed by AB 2476 to be operative only if this bill and AB 2476 are enacted and this bill is enacted last.
- 5) Incorporates additional changes to Section 454.57 of the Public Utilities Code proposed by AB 2111 to be operative only if this bill and AB 2111 are enacted and this bill is enacted last.

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 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.

Forecasting by CEC. The CEC conducts demand forecast that is used to inform several planning processes, including the CAISO's transmission planning process and the CPUC's IRP 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.

SB 100 (De León, Chapter 312, 2018). SB 100 established the state's target to meet 100% of the state's electricity retail load with renewable and zero-carbon resources by 2045. SB 1020 (Laird, Chapter 361, Statutes of 2022) established interim goals to meeting the SB 100 target, specifically requiring 90% of retail sales by 2035, 95% by 2040 to be met with renewable and zero-carbon energy resources. SB 100 Joint Agency Report evaluates the challenges and opportunities in implementing SB 100. It includes an initial assessment of the additional energy resources and the resource building rates needed to achieve 100% clean electricity, along with the associated costs. The report is scheduled to be updated every four years. The first report issued March 2021 identified preliminarily that on average the state may need six gigawatts of new renewable and energy storage annually to meet the SB 100 goals. The California Energy Commission (CEC) is developing the 2025 report.

IRP process. SB 350 (De León, Chapter 547, Statutes of 2015) required each LSE to file a biennial IRP for approval or certification by the CPUC. The CPUC combines all LSEs' IRPs to ensure the state is on its path to meet its clean energy procurement goals. Public owned utilities (POUs) are required to file their own IRPs with the CEC. The goal of the IRP is a two-year planning process to ensure

that LSEs are meeting targets that allow the electricity sector to contribute to California's economy-wide GHG emissions reductions goals and that helps to reduce overall costs. The CPUC adopted a 2023 portfolio that reduces 25 million metric ton (MMT) of GHG emissions by 2035, as compared to the previously adopted 38 MMT by 2030 planning target. The IRP is intended to forecast needs on a 10-year horizon. In this regard, the IRP is a forward-looking activity. As part of the IRP process, the CPUC has issued several procurement orders on LSEs to address near-term and mid-term procurement needs. Within the procurement orders, the CPUC has directed central procurement for local RA and mid-term reliability by electric investor-owned utilities (IOUs) for customers, including those of other LSEs.

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. The proponents of this bill are supportive of expanding the use of these energy-only resources, particularly geothermal and wind resources that lack deliverability due to limited transmission capacity.

This bill requires the CPUC to account for energy-only resources to meet needs of procurement orders. The bill would require the CPUC to account for the role energy-only resources can provide to achieve clean energy deployment rates, including the ability to charge storage resources during off-peak periods and increase resource diversity. CPUC's recent procurement orders have increased deployment of solar and battery storage (record amounts). The CPUC has also made a request to the Department of Water Resources for long lead-time resources, including offshore wind and enhanced geothermal. However, DWR has not procured or signaled their intent to procure the resources requested. This bill seeks to have the CPUC better account for the role energy-only resources can provide to increase resource diversity. It's unclear whether this addition will result in a different outcome in CPUC procurement orders, but the proponents intend for this language to support their efforts in CPUC proceedings to increase the deployment of geothermal and wind energy resources that lack deliverability.

This bill amends the SB 887 transmission-focused guidance to enable opportunities to connect energy-only resources and request wind, and geothermal resources are considered long lead-time resources. Recent amendments require the CPUC and CEC to identify cost-effective opportunities to enable planned or operating energy-only resources to obtain deliverability through transmission capacity expansions and require the CAISO to reserve associated deliverability for geothermal and wind in the BA for that purpose. The bill also requires the CPUC and CEC to request CAISO to designate the energy-only resources as long lead-time resources for purposes of the CAISO's scoring in its interconnection process (the process to connect generating resources to the electric transmission system). Although in-state wind had been identified as a long lead-time resource, the CPUC and CAISO changed this definition to no longer include in-state wind (though out of state wind, geothermal and offshore wind are considered long lead-time resources) contending that in-state wind does not face the same time horizon challenges of the other resources for which they reserve transmission capacity. The change has raised concerns by stakeholders representing in-state wind energy resources that the loss of the designation will further limit the ability for wind to be developed in California. 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 is pending before the full Senate.

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.

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

According to the Senate Appropriations Committee:

- The CPUC estimates ongoing costs of about \$185,000 annually (ratepayer funds) to support the annual transmission-focused guidance provided to the CAISO under Public Utilities Code §454.57 by identifying cost-effective

opportunities to increase the reliability contribution of, and mitigate transmission congestion affecting, planned and existing energy-only resources, analyze CAISO deliverability studies and transmission capacity data to determine where targeted transmission expansions would most improve reliability value or reduce curtailment risk, and translate those findings into the annual guidance package the CPUC and California Energy Commission (CEC) jointly submit to the CAISO's transmission planning process — among other things.

- The CEC anticipates its costs would be minor and absorbable.

SUPPORT: (Verified 8/21/26)

Abundance Network (Co-source)
Sonoma Clean Power (Co-source)
California Community Choice Association
County of Humboldt
San José Clean Energy
The Nature Conservancy

OPPOSITION: (Verified 8/21/26)

Independent Energy Producers Association

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.”

ARGUMENTS IN OPPOSITION: According to the Independent Energy Producers Association, this bill creates reliability risks, increased ratepayer costs, and bypasses active studies. They note that the CAISO is already studying the reliability contribution of energy-only resources and results are expected in November to inform the CPUC’s development of new Reliable Clean Power Procurement Program. They contend this bill will lock in energy-only resource treatment before that technical work is completed.

ASSEMBLY FLOOR: 63-8, 5/26/26

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, DeMaio, Ellis, Gallagher, Johnson, Macedo, Sanchez, Tangipa

NO VOTE RECORDED: Dixon, Flora, Hadwick, Hoover, Lackey, Muratsuchi, Celeste Rodriguez, Ta, Wallis

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
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