Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 2383 (Zbur) – As Amended April 13, 2026

Policy Committee: Utilities and Energy Vote: 16 - 1

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

SUMMARY:

This bill requires the creation of a retail electricity rate structure for customers classified as large energy use facilities to ensure such facilities pay the cost of serving them.

Specifically, this bill, among other things:

1) Directs the CPUC to require a load-serving entity (LSE), such as an electrical investor-owned utility (IOU) or a community choice aggregator (CCA), that provides electricity services to a large energy use facility to enter into a contract with the facility that covers the cost of service and cost of energizing the facility, as specified.

2) Directs the CPUC, in deciding whether to approve an LSE's proposed rate schedule for large energy use facilities, to ensure the rates (a) not result in, or not have the potential to result in, increased costs or unreasonable risk to other retail electricity consumers; (b) provide for equitable contributions to electrical grid efficiency, reliability, resiliency benefits and state programs; (c) include an equitable portion of costs associated with wildfire mitigation, wildfire liability, climate mandates and other programs that advance public and social equity; (d) not impede the IOU's ability to meet clean energy targets set forth in existing law other applicable state clean energy policies; (e) allow for procurement of, or contracts for, generation resources that support the IOU's ability to meet the clean energy targets, as specified; and (f) encourage the development of large energy use facilities that bring high-wage and high-skilled jobs to California.

3) By January 1, 2028, requires the CPUC to create the classification of service and rate structure for large energy use facilities, which includes, at least, facilities interconnected under a retail transmission tariff operating over a minimum peak load value, as determined by the CPUC, and facilities that house computing infrastructure for the primary purpose of processing, storing or distributing electronic data.

4) Requires any large energy use facility rate structure the CPUC adopts to, at least, (a) allocate the costs of serving the class of large energy use facilities in a manner that is equal or proportional to the cost of serving the class; (b) avoid (i) other classes of retail electricity consumers paying unwarranted costs and (ii) shifting the costs of serving a large energy use facility to another class of retail electricity consumers; and (c) generally meet the same conditions the CPUC requires of a contract between an LSE and a large energy use facility.

FISCAL EFFECT:

The CPUC will need to undertake substantive analytical and regulatory work to establish the new rate and service classification, and review LSE proposed rate schedules. The CPUC estimates resulting costs to be $718,000 (Public Utilities Commission Utilities Reimbursement Account (PUCURA)) for three permanent positions, as follows: two regulatory analysts ($218,000 each annually) and one senior attorney ($278,000 annually), as well as $45,000 per year in travel costs.

COMMENTS:

1) **Purpose.** This bill is about data centers. The author describes California as "a premier hub for the innovation economy" with "a leading footprint in advanced technologies such as artificial intelligence." The author intends this bill to ensure data centers "pay their fair share and that costs of providing service to these facilities are not borne by other ratepayers" while also ensuring "timely and efficient planning as the state prepares for the emergence of unprecedented demand on the electrical grid."

2) **Background.** Data centers—facilities that house servers, storage devices and other computer-related infrastructure—are, by their nature, energy intensive: it takes a great deal of electricity to power such large concentrations of electronic equipment. California is home to many data centers, especially in the Silicon Valley region of Santa Clara County. Many expect data center development, and the associated demand for electricity, to continue and accelerate as the AI industry grows.

   This bill directs the CPUC to require the creation of a retail electricity rate structure for the class of customers classified as large energy use facilities to ensure such facilities pay the cost of serving them. In most every case, such a large energy use facility is a data center.

   Under existing practice, the CPUC generally considers costs for serving new large loads (such as factories, office buildings and housing developments) under tariffs, specifically "Electric Rule 15" and "Electric Rule 16," where the requesting customer typically pays the incremental costs of interconnection. As part of consideration, the CPUC generally seeks to minimize the shifting of costs from the requesting customer to other customers or customer classes, though the law does not currently require that the CPUC do so.

   According to Pacific Gas and Electric (PG&E), Electric Rules 15 and 16 are designed to govern service interconnections at the distribution service level, that is, below 50 kiloVoltz (kV) of service. PG&E reports that whenever a customer applies for a new service at transmission-level voltage (50 kV or greater), PG&E must negotiate "unique interconnection terms," which PG&E describes as time consuming and resource intensive, and then make an "exceptional case filing" with the CPUC for consideration of the unique case. PG&E reports a "significant increase" in requests for new service from customers (mainly data centers) seeking to receive service at transmission-level voltage. For this reason, PG&E proposed to the CPUC a new transmission-level service request rule, "Electric Rule 30." (See PG&E's prepared testimony, "Application for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service," filed with the CPUC on November 21, 2024.)

   Last year, the CPUC approved an interim electric rule to streamline and accelerate electric grid connections at the transmission level for high-energy users, such as artificial intelligence (AI) data centers and electric vehicle (EV) charging stations within the PG&E

service territory. The CPUC describes its action on the interim electric rule as a partial approval of PG&E's proposed Electric Rule 30 that offers an "accelerated pathway" for customers seeking transmission-level services, provided the customer agrees to pay for necessary transmission infrastructure work upfront. The CPUC further reports it will determine terms and cost allocation in a future decision.

3) **Support and Opposition.** This bill is supported by the Natural Resources Defense Council, among others, which notes data centers and the like are "driving billions of dollars of new energy infrastructure investments" and "come with large risks" and that this bill helps "protect Californians from bearing the costs and financial risks." The bill is also supported by the Little Hoover Commission, which recently undertook a study of data centers and describes the bill as "closely aligned with the Commission's findings and recommendations."

This bill is opposed by the California Chamber of Commerce, which writes:

> Large-scale electricity demand can provide meaningful benefits to the electric system when integrated appropriately. Increased load can improve utilization of existing infrastructure, spread fixed costs across a broader customer base, and support more efficient system operations.
>
> California should be encouraging this type of load growth—particularly as the state seeks to electrify transportation, buildings, and industry—while ensuring that cost responsibility is appropriately assigned...We are concerned that AB 2383's requirements risk discouraging investment and limiting the state's ability to attract the types of projects that support long-term economic growth and grid utilization.

The bill is also opposed by a number of community choice aggregators (CCAs), such as Marin Clean Energy (MCE), which writes:

> MCE supports the bill's goal of prioritizing affordability by ensuring that data centers pay their fair share of electrical system costs and that the cost of serving data centers are not shifted to other customers…AB 2383 would strip this authority from MCE's governing board and give the CPUC authority over the rates, terms, and conditions of MCE's data center customer contracts.

The CCAs have asked the author to amend Section 1 of the bill to address their concerns.

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