ASSEMBLY THIRD READING
AB 2383 (Zbur)
As Amended April 13, 2026
Majority vote

SUMMARY

This bill requires the California Public Utilities Commission (CPUC) to establish a retail electricity classification and rate schedule for large energy use facilities. Additionally, the CPUC must require load serving entities and large energy use facilities to enter into a contract that covers the cost of service and cost of energizing the facility, as applicable.

Major Provisions

1) Defines the "cost of serving" as the costs incurred by an electrical corporation in providing transmission, distribution, energy, capacity, or ancillary electricity services, and any related costs or associated risks with serving a retail electricity consumer or a class of retail electricity consumers. Clarifies "cost of serving" does not include upgrades to the electrical transmission system or electrical distribution system.

2) Requires the CPUC to include the following facilities and any additional entities deemed appropriate in classifying customers as large energy use facilities for eligibility under the rate schedule:

   a) Facilities interconnected under a retail transmission tariff operating over a minimum peak load value, as determined by the commission.

   b) Facilities that house computing infrastructure, including graphics and central processing units, servers, storage devices, networking equipment, and associated power and cooling systems, for the primary purpose of processing, storing, or distributing electronic data.

3) Requires the CPUC to establish the following minimum contract requirements:

   a) Be consistent with the rate schedule criteria, as applicable.

   b) Specify the duration of a contract and detail fees for early termination of the contract to ensure investment costs are covered.

   c) Require the large energy use facility to pay a minimum amount or percentage based on the large energy use facility's projected electricity usage for the electricity services the load-serving entity is contracted to provide for the duration of the contract.

4) Requires the terms of the contract to be consistent across load-serving entities.

COMMENTS

California is experiencing a structural shift in electricity demand driven by the emergence of large energy loads associated with digital infrastructure, transportation electrification, and industrial decarbonization. These large loads can materially affect grid planning by increasing peak demand, accelerating the need for new transmission and distribution infrastructure, and complicate planning for adequate procurement. All these factors can have a direct effect on costs borne by ratepayers. At the same time, certain large loads may provide opportunities for demand flexibility, load shifting, or co-location with clean generation resources, suggesting that there is potential for the net impact on the grid to be neutral, and possibly even positive. This will depend on how these loads are integrated into state planning and regulatory frameworks.

This bill seeks to address some of these concerns by requiring the CPUC to establish a new classification and rate structure for large energy use facilities. Furthermore, the bill requires that contracts be established between load serving entities and large energy use facilities, in part to protect against stranded assets.

Ensuring that large energy use facilities adequately cover the cost of service and meet specific contractual requirements, as is the goal of this bill, will potentially help to ensure these entities are paying for an equitable portion of their energy impact.

According to the Author

According to the author, "California is recognized globally as a premier hub for the innovation economy, and specifically, with a leading footprint in advanced technologies such as artificial intelligence. With the rapid growth of these technologies, the state must grapple with the associated development of large load data centers. AB 2383 advances affordability for electricity ratepayers by ensuring that data centers pay their fair share and that costs of providing service to these facilities are not borne by other ratepayers. This bill will ensure timely and efficient planning as the state prepares for the emergence of unprecedented demand on the electrical grid, and will be critical in protecting ratepayers and advancing system-wide reliability."

Arguments in Support

The Little Hoover Commission (LHC) emphasizes that this bill is in line with its recently released 2026 report, *Data Centers and California Electricity Policy*, by creating a distinct rate classification for large energy use facilities and protecting against stranded assets with minimum contract requirements. Specifically, to the rate classification, the LHC writes that this bill "helps ensure that the costs of serving these customers [large energy use facilities] are appropriately allocated. Its prohibition on cost shifting to other customer classes…must be the state's foremost priority in addressing large-load growth." As for the contract requirements, LHC states that these "help ensure that utilities can plan and invest with greater certainty while protecting the public from bearing the cost of unused or underutilized assets."

Arguments in Opposition

The California Chamber of Commerce (CalChamber) writes in opposition that "a rigid statutory framework on large energy users…risks undermining California's competitiveness, complicating project development, and discouraging investment in energy-intensive industries critical to the state's economic and electrification goals." Addressing specifically the minimum contract requirements, CalChamber states that, "Locking projects into long-term commitments based on forecasted usage increases financial risk, complicates underwriting, and limits the flexibility needed to adapt to changing conditions."

Related to contract requirements, the California Community Choice Association (CalCCA) opposes the bill unless amended. CalCCA states that by requiring all load serving entities to meet minimum contract requirements, this "limits the ability of a CCA to be creative and shape the agreements to best serve the needs of all of their ratepayers" and "could have the unintended consequence of removing competition from the marketplace."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, the CPUC estimates costs to be $718,000 annually for three permanent positions.

VOTES

ASM UTILITIES AND ENERGY: 16-1-1
YES: Petrie-Norris, Patterson, Boerner, Calderon, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Wallis, Zbur
NO: Ta
ABS, ABST OR NV: Chen

ASM APPROPRIATIONS: 12-1-2
YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Tangipa
NO: Ta
ABS, ABST OR NV: Hoover, Dixon

UPDATED

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