CONCURRENCE IN SENATE AMENDMENTS
AB 2383 (Zbur)
As Amended August 28, 2026
Majority vote

SUMMARY

This bill requires the California Public Utilities Commission (CPUC) to ensure an electrical corporation files a transmission and distribution service tariff and generation service tariff, in a new or existing proceeding, for data center customers, as defined. This bill also requires electric service providers (ESPs) and community choice aggregators (CCAs) to adopt generation tariffs that meet this bill's requirements.

Senate Amendments

1) Refined the scope of the bill from large loads to applicable only to data centers, as defined.

2) Add the requirement for the CPUC to require electrical corporations to file a transmission and distribution service tariff that ensures all participating customers pay a reasonable share of costs related to wildfire mitigation and liability, among other costs typically collected from distribution-level ratepayers and meet additional specified requirements.

3) In the generation tariff requirements, change the contract language to be a mechanism approved by the commission and clarify the following ratepayer protections:

    a) Ensure a data center pays for incremental generations costs and protects nonparticipating customers from stranded generation costs.

    b) Require fees for data centers that do not complete interconnection and early termination fees to ensure other ratepayers are not responsible for costs to serve a data center.

    c) Ensure a cost recovery mechanism to ensure data centers pay a minimum amount or percentage based on the customer's projected load.

    d) Authorize a data center to reduce generation funding requirements through installation zero-emission resources behind its meter, as determined by the CPUC.

    e) Ensure any procurement to serve a data center is consistent with requirements set forth by the CPUC and the state's clean energy targets.

4) For the generation tariff, direct the CPUC to set a minimum peak electricity demand threshold, no greater than 25 megawatts, at which the generation tariff shall apply to any data center at or above that threshold.

    a) Specifies that the generation tariff does not apply to certain public and utility facilities.

5) Ensures consistency between the requirements of an electrical corporation and community choice aggregator or electric service provider as it pertains to the generation tariff for data centers.

COMMENTS

The rapid expansion of data centers – driven by cloud computing, artificial intelligence, and digital services – has introduced a fast-growing and geographically concentrated source of electricity demand in California. Data centers are characterized by high, sometimes continuous (24/7) loads with often relatively limited demand flexibility, placing sustained pressure on transmission and distribution infrastructure. Recent analyses by the CEC indicate that data center electricity consumption is increasing, with projections suggesting significant growth in demand over the next decade. This growth may require large-scale infrastructure upgrades. In the 2024-2025 Draft Transmission Plan, the California Independent System Operator (CAISO) identified billions of dollars in transmission upgrades needed over the next decade to serve anticipated load growth, in part driven by new data centers. Particularly, the clustering of data centers in specific regions (like the Bay Area) can strain local transmission capacity and necessitate costly upgrades for new service lines, raising broader questions of who pays for these upgrades and how to properly plan for these incoming loads. And once energized, questions remain about how these entities adequately cover their cost of service, especially to protect against rising costs for other ratepayers.

In California, action is underway by the CPUC to address costs of new electrical loads, including data centers. On April 9, 2026, the CPUC opened a rulemaking on the California Advanced Electric Rate Design. As part of this proceeding, the CPUC intends to explore opportunities to address affordability challenges associated with wildfire costs and rapid load growth, including load from data centers. Specifically, this proceeding, in coordination with the assessment required by SB 57 (Padilla, Chapter 647, Statutes of 2025), will consider issues such as stranded costs and cost shifts for new and emerging large loads with a focus on data centers. The order instituting rulemaking indicates that the CPUC intends to publish a staff proposal on residential rate reform as part of this proceeding in the 3rd Quarter of 2026. Additionally, the CPUC recently approved interim implementation of PG&E's Electric Rule 30, which establishes a new tariff for large load interconnecting on the transmission grid. The decision requires new transmission-level customers to be responsible for the initial costs of all transmission facilities, rather than those costs being borne by ratepayers and was sought by PG&E to address an influx of customers requesting this type of service. In June 2026, the Federal Energy Regulatory Commission ordered all six regional grid operators to justify or reform tariffs for data centers and other large energy users as they relate to interconnection and transmission costs. Under the orders, each operator and its transmission owners have 60 days to either justify why their current tariffs remain just and reasonable, or to file tariff changes.

Therefore, many actions are underway to try to ensure those with a greater burden on the electrical grid pay their "fair share" of service needs. The goal of this bill is to build upon this ongoing work, requiring the CPUC to establish a new tariffs for data centers that more appropriately allocates the costs of providing energization and serving these large load customers.

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 Utility Reform Network, the Natural Resources Defense Council, the Coalition of California Utility Employees, and others, write in support that this protects ratepayers against stranded asset risks and the bills "supports economic development while also protecting ratepayers by ensuring that data centers pay their fair share."

The Bay Area Council also writes in support that this bill, "focuses on the fiscal and contractual relationship between the facility and the grid, allowing users the flexibility to innovate…while ensuring they meet their financial obligations to the state's electrical system."

Arguments in Opposition
The Data Center Coalition, along with others like the TechNet and the California Chamber of Commerce, write in opposition to this bill that "the CPUC, in its regulatory role, is most appropriately suited to ensure appropriate cost allocation through public proceedings that are evidence-based, transparent, carefully considered, and open to stakeholder participation. California's position as a global technology leader depends on the vital infrastructure provided by data centers and underscores the need for careful consideration of proposed legislation that could impact this critical industry."

FISCAL COMMENTS

According to the Senate Committee on Appropriations, the CPCU estimates ongoing costs in the high hundreds of thousands of dollars annually to implement the bill.

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

ASSEMBLY FLOOR: 69-3-8
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO: DeMaio, Ellis, Hadwick
ABS, ABST OR NV: Castillo, Chen, Dixon, Johnson, Lackey, Macedo, Celeste Rodriguez, Ta

UPDATED

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CONSULTANT: Alexa Cohill-Milanick / U. & E. / (916) 319-2083 FN: 0004558