SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2493 (Petrie-Norris) - Electrical corporations: interconnection: transmission: permitting: auditor

Version: July 2, 2026	**Policy Vote:** E., U. & C. 13 - 4
Urgency: No	**Mandate:** Yes
Hearing Date: August 3, 2026	**Consultant:** Ashley Ames

Bill Summary: This bill would require each large electrical corporation to initiate permitting within one year of a transmission plan adoption or generator interconnection agreement execution, to retain an independent third-party auditor to review transmission and interconnection project progress, and to take remedial actions addressing any deficiencies the auditor identifies.

Fiscal Impact:
- Ongoing costs in the high hundreds of thousands of dollars annually (ratepayer funds) for the CPUC to coordinate with auditors, review audit reports, order remedial actions, and conduct enforcement activities — among other things.
- To the extent that this bill impacts energy rates, it could result in costs or savings to the state as a ratepayer (various funds). The State of California is an electricity customer, purchasing roughly one percent of the electricity sold by the state's utilities. As such, the state incurs costs when rates increase, and realizes cost savings if rates go down. By requiring each large electrical corporation to retain an independent third-party auditor, this bill could increase costs recovered in rates. To the extent the auditor's findings and the resulting remedial actions improve efficiency and transparency in transmission and interconnection project delivery, this bill could also reduce costs recovered in rates.

Background:

Transmission planning and permitting. State law establishes targets for renewable and zero-carbon resources to supply 90% of retail electricity sales by 2035, 95% by 2040, and 100% by 2045. Meeting those targets requires connecting substantial new generation and storage to the grid, which in turn requires transmission capacity to deliver it. CAISO, the nonprofit corporation managing the high-voltage grid serving roughly 80% of the state, identifies needed transmission projects each year through its transmission planning process, and assigns them to the utilities that own the affected facilities. Those utilities must then obtain CPUC approval to build, under procedures that scale with project size — smaller projects proceed through a streamlined advice letter process, while the largest require a full certificate of public convenience and necessity including environmental review. The interval between CAISO approval and completed construction is where the delays at issue in this bill occur.

Extent of delays. The CPUC's 2025 RPS Report found that 64% of in-development transmission projects are delayed past their original in-service dates, including Pacific Gas and Electric at 63% and Southern California Edison at 70%. Proponents note that

449 delayed transmission projects with dependent generation or storage are affecting 21.8 gigawatts of clean energy and storage capacity. Recent CPUC findings also indicate that utilities often take several years between transmission project approval and initiation of CPUC permitting applications.

Scale of the buildout. CAISO's 2024 20-Year Transmission Outlook, developed in collaboration with the CPUC and CEC, estimates $45 to $65 billion in transmission costs to meet the state's clean energy needs, load growth, and offshore wind generation development. Transmission owners recover the costs of CAISO-approved projects through the Transmission Access Charge, submitting an application to FERC, which approves just and reasonable costs and rate of return.

Existing oversight. The Transmission Development Forum, a joint effort of CAISO and the CPUC, tracks the status of transmission network upgrade projects and requires transmission owners to explain schedule changes and delays. The Tracking Energy Development Task Force, a joint effort of the CPUC, CEC, CAISO, and GO-Biz, tracks new energy projects to identify barriers and mitigation strategies. CAISO has implemented reforms through its Interconnection Process Enhancements using screening and prioritization criteria based on commercial readiness, system need, and project viability, though those reforms generally do not address delays occurring after studies are completed, including utility permitting and construction of required upgrades. Existing CPUC reporting relies largely on utility-submitted information regarding transmission project status and delays.

Precedent for the audit structure. SB 254 (Becker, 2025) required the CPUC to direct each electrical corporation to retain an independent third-party auditor to review the utility's practices for energizing new customers and planning for demand growth, and authorized the CPUC to require remedial actions to address identified deficiencies. The Budget Act of 2026 funded SB 254 implementation at $1,911,000 ongoing and 8.0 positions from the Public Utilities Commission Utilities Reimbursement Account, plus $400,000 and 2.0 positions at the Public Advocates Office.

Proposed Law: This bill would:

1. Require each large electrical corporation assigned or obligated to construct a project requiring CPUC approval to initiate permitting by filing an application or other notice under General Order 131-E within one year following adoption of each CAISO transmission plan, and within one year following execution of a generator interconnection agreement.

2. Authorize a large electrical corporation to request an extension of those deadlines by demonstrating good cause in a written notice served at least 30 days before the deadline, specifying the actions being undertaken to resolve the principal causes of delay. a. Provide that good cause may include preparatory conditions such as engineering completion, environmental assessments, and necessary coordination with affected stakeholders, and factors the auditor determines are beyond the corporation's reasonable control, including supply chain constraints and permitting delays at federal, state, or local agencies.

3. Subject a large electrical corporation to enforcement action under Public Utilities Code §701 if it fails to adhere to those timelines or to make a timely extension request.

4. Require each large electrical corporation, beginning July 1, 2027, to retain an independent third-party auditor selected and approved by the CPUC to review the corporation's submissions under Resolution E-5252 and §399.13(a)(2)(B), its progress on completing network upgrades following approval in a generator interconnection agreement or CAISO-approved transmission plan, its compliance with the permitting deadlines, and its compliance with any remedial actions ordered. a. Require the CPUC, in consultation with the Public Advocates Office, to select the auditor and ensure the auditor has no conflict of interest due to other work, contracts, or business relationships with the corporation. b. Require the auditor to report annually, with reports posted on the CPUC's internet website and incorporated into the CPUC's annual RPS reporting.

5. Require a large electrical corporation to take remedial actions addressing any deficiencies identified in the auditor's report, which may include:

   a. Reallocating staff or capital resources to complete high-priority upgrades, meaning transmission, distribution, or interconnection facilities affecting the interconnection or deliverability of at least 100 megawatts of generating or storage capacity.

   b. Facilitating advanced procurement of equipment or equipment sharing with other electrical corporations to address supply chain delays.

   c. Interim deliverability or temporary generator interconnection solutions.

   d. Enabling generators to procure equipment on behalf of the corporation, while ensuring the equipment meets necessary safety, performance, and reliability specifications.

   e. Enabling self-build options by generators or transmission solutions developed by another electrical corporation, including permitting, design, procurement, construction, or commissioning by an entity other than the large electrical corporation.

   f. Expediting engineering, design, permitting, and other preconstruction work for high-priority upgrades.

6. Provide that a large electrical corporation's record of compliance with ordered remedial actions would be admissible evidence and considered by the CPUC in any decision approving a rate or cost of capital application filed under §451.

7. Specify that the section would not authorize an electrical corporation to seek, or the CPUC to approve, an increase in a revenue requirement or cost of capital under §451 based on compliance with any remedial actions ordered.

Related Legislation:

AB 2111 (Papan, 2026) would require various actions to better incorporate uncertainty and risk in resource portfolio planning to inform transmission planning. The bill would require the CEC and CPUC, in coordination with the 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.

AB 2369 (Rogers, 2026) would require the CPUC and CEC to provide transmission-focused information to the 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.

SB 254 (Becker, 2025) among its provisions, 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. The bill also required the CPUC to direct each electrical corporation to retain an independent third-party auditor to review the utility's practices for energizing new customers and planning for demand growth, to evaluate current and future energization performance, and to report to the CPUC on a biannual basis, and authorized the CPUC to require remedial actions to address deficiencies the auditor identifies.

AB 2779 (Petrie-Norris, 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, 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, 2023) required specified actions related to electric transmission planning, including a review and update to a December 2022 MOU and related workplan among California energy agencies and the CAISO, the development of an electrical transmission infrastructure guidebook, and a report to the Legislature regarding the status of transmission projects.

AB 50 (Wood, 2023) established interim timelines for large electrical corporations to energize customers following a commitment to serve, entitled customers to a bill credit for missed dates, and directed the CPUC to set criteria for timely service.

SB 410 (Becker, 2023) established the Powering Up Californians Act, which required the CPUC to establish reasonable average and maximum target energization time periods, a process for customers to report delays, remedial actions to meet the targets, and independent third-party assessment of each utility's energization performance.

SB 1174 (Hertzberg, 2022) required large electrical corporations that are participating transmission owners to submit annual data on transmission project delays and their impact on RPS-eligible generation and storage, incorporated into the CPUC's annual RPS Report.

SB 529 (Hertzberg, 2022) required the CPUC to update General Order 131-D to allow IOUs to use the Permit to Construct process or claim an exemption for modifications to existing transmission facilities above the 200 kV threshold, to reduce permitting timelines for upgrades to existing infrastructure.

SB 887 (Becker, 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 100 (De León, 2018) established the 100 Percent Clean Energy Act, 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, 2015) established the Clean Energy and Pollution Reduction Act, which increased the RPS requirement from 33% to 50% by 2030 and created the integrated resource plan process at the CPUC to ensure long-term electricity planning aligns with the state's GHG reduction targets while maintaining reliability and controlling costs.

Staff Comments: The CPUC's energy work is supported by ratepayer funds through the Public Utilities Commission Utilities Reimbursement Account (PUCURA), funded through a fee on utilities' gross intrastate revenues. The Budget Act of 2026 was signed June 29, 2026 — AB 109 (Chapter 19, Statutes of 2026), as amended by SB 111 (Chapter 21, Statutes of 2026) — authorizing $351.7 billion in total state spending, including $251.5 billion from the General Fund, with total reserves of $35.2 billion.

Recent CPUC allocations. The budget approved $1,911,000 ongoing from PUCURA for 8.0 positions in 2026-27 and ongoing to implement SB 254 (Becker, 2025), and allowed $400,000 to the Public Utilities Commission Public Advocates Office Account and 2.0 positions to implement the same measure, for ongoing audits, securitization, and wildfire safety. It provided $1,914,000 from PUCURA and 8 positions ongoing to oversee the expedited review of 10-year undergrounding plan program requirements developed in response to SB 884 (2022), and $216,000 from PUCURA in 2026-27 and ongoing for the conversion of 1.0 limited-term Public Utilities Regulatory Analyst V position to a permanent position to address an increase in electrical transmission permitting tied to SB 319 (McGuire, 2023). The budget also appropriated $1,925,000 from PUCURA and 8.0 permanent positions in 2026-27 and ongoing to implement AB 825 (2025); funded $952,000 ongoing from PUCURA for 4.0 positions to implement AB 1167 (2025); and funded $668,000 from PUCURA and 3.0 permanent positions in 2026-27 to meet the January 2027 legislative reporting requirement under SB 57 (Padilla, 2025), with $523,000 ongoing thereafter to address increasing analytical, regulatory, and oversight workload associated with new large data center electrical loads.

Vacancy eliminations rejected. The budget maintained seven vacant full-time equivalent positions and $1.3 million in special funds at the CPUC, as part of 356.2 positions and $39.8 million preserved across departments within the Natural Resources and Environmental Protection agencies by rejecting the Governor's proposed vacancy eliminations.

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