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

AB 2505 (Carrillo) - Electrical corporations: hydrogen refueling stations

Version: June 30, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: E., U. & C. 16 - 0
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would require the California Public Utilities Commission (CPUC) to establish or modify a limited-time tariff that would authorize an electrical corporation to make distribution investments necessary to install a separate electric meter at a hydrogen refueling station serving heavy-duty vehicles.

Fiscal Impact:

- The CPUC estimates ongoing costs of $218,000 annually (ratepayer funds) to review six utility advice letters and draft six resolutions approving the corporations' proposed heavy-duty hydrogen electric rule; oversee implementation of the rule once established, including communicating with customers facing issues obtaining service under it; and support development of a proposed decision adopting energization targets.
- 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.

Background: Hydrogen refueling stations serving medium- and heavy-duty vehicles need substantial electrical service, and how that service gets built and paid for depends on two separate systems. The first is the CPUC's line extension tariffs, which allocate the cost of running distribution and service lines between the utility, its ratepayers, and the customer requesting the connection. The second is the state's direct subsidy for hydrogen fueling infrastructure through the California Energy Commission. This bill operates entirely within the first system: it creates no appropriation and no grant, and its state cost is limited to the CPUC's regulatory workload in establishing and overseeing a new tariff. Its larger fiscal significance lies in which cost allocation framework applies, because the two available frameworks divide the same costs very differently between applicants and the general ratepayer base.

Line extension cost allocation under Electric Rules 15 and 16. Rule 15 governs distribution line extensions and Rule 16 governs service line extensions from those lines to the customer's meter. Under both, the utility maintains a ratepayer-funded allowance calculated on a revenue-based or revenue-justified methodology, reflecting the revenue the new load is expected to generate. Costs up to the allowance are borne by ratepayers generally; costs above it are paid by the applicant, subject to refund provisions. The framework therefore caps ratepayer exposure at the expected revenue from the connection, and it is the framework this bill adopts.

Implementation he EV Infrastructure Rules moved costs onto ratepayers. AB 841 (Ting, 2020) directed a different result for EV charging infrastructure. The rules the CPUC adopted in response, an alternative to Rule 16 for separately metered charging sites other than single-family residences, allow utilities to recover utility-side make-ready costs through general rate cases rather than through applicant contributions. Ratepayers cover close to the full cost of those service line extensions. The CPUC itself characterized the change as a major policy shift, since before AB 841 it had allocated utility-side transportation electrification costs case by case. Had this bill followed that model, ratepayer exposure would have been considerably larger; the Senate Energy amendments removed the last reference to those rules.

State subsidy for hydrogen fueling infrastructure runs on a separate track. AB 126 (Reyes, 2023) reauthorized the Clean Transportation Program through July 1, 2035 and directs the California Energy Commission to allocate no less than 15% of specified Alternative and Renewable Fuel and Vehicle Technology Fund moneys to hydrogen fueling stations until July 1, 2030. That commitment was estimated at roughly $106 million through 2030 when enacted. As of September 2025 the Commission had invested about $174 million in light-duty hydrogen infrastructure, with 61 stations in the network as of August 2025. None of that funding flows through this bill, and the bill neither expands nor draws on it.

Proposed Law: This bill would:

1. Require electrical corporations to file advice letters by April 1, 2027, to establish a new or modified tariff that would authorize the electrical corporation to install and maintain all electrical distribution and service facilities located on the utility side of a customer's meter that are necessary to provide separately metered electrical service to hydrogen refueling stations.
2. Require an electrical corporation tariff established pursuant to this bill to do both of the following:
    a. Allow the electrical corporation to extend utility-side electrical distribution and service facilities to a dedicated electric meter for a hydrogen refueling station serving vehicles weighing at least 14,001 pounds. This bill would require the tariff for hydrogen station line extensions and dedicated meters to be consistent with the electrical corporation's own reasonable utility-side design, engineering, safety, and construction standards for comparable facilities.
    b. Authorize installation of a dedicated electric meter for hydrogen refueling, including for those hydrogen stations with an existing electric meter. This bill would clarify that dedicated meter installations under this bill are subject to safety and reliability criteria.
3. Specify that cost allocation and customer cost sharing requirements for investor-owned utilities (IOUs) distribution and service line costs incurred under this bill must follow the cost allocation framework established for Electric Rules 15 and 16.
4. Require the tariff to require the electrical corporation to provide the applicant a good-faith estimate agreement before the applicant executes a line or service extension agreement or makes a nonrefundable payment.

5. Authorize the CPUC to adopt additional tariff provisions protecting nonparticipating ratepayers from unreasonable cost shifts, so long as those provisions would not prevent an eligible heavy-duty hydrogen refueling station from obtaining a dedicated meter where safety and reliability criteria are met.
6. Require the CPUC to approve these tariffs by September 1, 2027.
7. Sunset this bill on January 1, 2033.
8. Require the CPUC to approve these tariffs by September 1, 2027.
9. Sunset this bill on January 1, 2033.

Related Legislation:

AB 2383 (Zbur, 2026) would require the CPUC to establish a separate electric rate class for data centers and would establish requirements the CPUC must include in rules for that rate class. These requirements include cost allocation requirements for distribution infrastructure needed to serve data centers.

AB 126 (Reyes, 2023) extended and modified California's hydrogen fueling station funding program, replacing the fixed 100-station cap with an ongoing commitment requiring the California Energy Commission to allocate no less than 15% of specified Alternative and Renewable Fuel and Vehicle Technology Fund moneys annually to hydrogen fueling stations until July 1, 2030, as specified.

AB 841 (Ting, 2020) directed each electrical corporation to file an advice letter establishing a new tariff authorizing the electrical corporation to design and deploy all electrical distribution infrastructure on the utility side of the meter for customers installing separately metered EV charging infrastructure (other than single-family residences) and to recover those costs through general rate case proceedings rather than through applicant contributions under Rules 15 and 16.

Staff Comments: The CPUC's energy work is supported by the Public Utilities Commission Utilities Reimbursement Account (PUCURA), funded by fees paid by regulated utilities and ultimately borne by ratepayers.

Because this bill's provisions would become part of the Public Utilities Act, and a violation of a CPUC action implementing them would be a crime, this bill would impose a state-mandated local program. No reimbursement would be required because the only costs a local agency or school district would incur would result from this bill expanding the scope of an existing crime, within the meaning of Section 17556 of the Government Code.

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