THIRD READING

Bill No: AB 2505
Author: Carrillo (D)
Amended: 6/30/26 in Senate
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 16-0, 6/24/26
AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Becker, Caballero, Dahle, Grove, Hurtado, McNerney, Reyes, Richardson, Rubio, Stern, Strickland, Wahab
NO VOTE RECORDED: Gonzalez

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 78-0, 5/26/26 - See last page for vote

SUBJECT: Electrical corporations: hydrogen refueling stations

SOURCE: California Hydrogen Business Council

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to establish a limited-time tariff that authorizes an electrical corporation to make distribution investments necessary to install a separate electric meter at a hydrogen refueling station serving heavy-duty vehicles.

ANALYSIS:

Existing law:

1) Authorizes the CPUC to supervise and regulate every public utility in the state and permits the CPUC to do anything that is necessary and convenient to exercise its power and jurisdiction. (Public Utilities Code §701)

2) Authorizes the CPUC to set rates for public utilities and specifies that every cost charged by utilities to customers must be just and reasonable. (Public Utilities Code §451)

3) Defines an electrical corporation as every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others. (Public Utilities Code §218)

4) Establishes a process for electrical and gas corporations to obtain a service line extension. Existing law requires electrical and gas corporations to use the CPUC's existing electric and gas rules and regulations regarding line extensions and facility installations when adding a line extension. (Public Utilities Code §783)

This bill:

1) Requires electrical corporations to file advice letters by April 1, 2027, to establish a new or modified tariff authorizing 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) Requires 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 requires the tariff for hydrogen station line extensions and dedicated meters to be consistent with the electrical corporation's reasonable utility-side design, engineering, safety, and construction standards for comparable distribution and service facilities.
    b) Authorize installation of a dedicated electric meter for hydrogen refueling, including for those hydrogen stations with an existing electric meter. This bill clarifies that dedicated meter installations under this bill are subject to safety and reliability criteria.

3) Specifies 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. This bill requires the tariff to ensure that the electrical corporations provides the applicant a good-faith estimate agreement before the applicant is required to execute a line or service extension agreement or make a nonrefundable payment, including any customer contribution, or costs associated with distribution or service facilities, system capacity, or other utility-side upgrades that may be charged to the applicant under the tariff or rule.

4) Authorizes the CPUC to adopt additional tariff provisions or modifications needed to ensure that the tariffs required under this bill are just and reasonable and protects nonparticipating ratepayers from unreasonable cost shifts, as specified.

5) Requires the CPUC to approve these tariffs by September 1, 2027.

6) Sunsets this bill on January 1, 2033.

Background

Line extensions and Electric Rules 15 and 16. The CPUC has adopted tariffs governing utilities' expenses for providing distribution and service lines to connect customers to electric service. Rule 15 establishes the tariff for electric IOU distribution line extensions, which connect distribution lines from the nearest permanent and available distribution facilities to neighborhoods and commercial districts. Rule 16 establishes the tariff for electric IOUs containing the rules and requirements for service line extensions, which connect distribution lines to the customer's electric meter. While Electric Rules 15 and 16 establish rules that apply across the electric IOUs, each IOU files their own tariff with the CPUC.

Need for this bill. This bill stems from concerns expressed by heavy-duty hydrogen refueling stations that the inability to obtain a separate meter and service line for hydrogen refueling pumps limits their ability to separately meter their refueling operations for participation in demand response programs and also increases costs for installing hydrogen refueling pumps at existing stations. For those existing stations that install hydrogen refueling pumps, the electricity required to operate the pumps generally requires the construction of an electrical line between the pumps and the existing electric meter. This electrical work is borne by the facility owner and can substantially increase the cost for upgrading a facility to install hydrogen refueling infrastructure. Existing electric rules maintain a process through which a utility can make an extraordinary case filing at the CPUC in the event that a specific project merits establishing electric service requirements that fall outside an IOU's existing tariffs. It is unclear if hydrogen refueling stations seeking line and service extensions have attempted to use the extraordinary case filing process to address challenges for obtaining line extensions under the existing electric rules.

Bill follows the implementation of the EV Infrastructure Rules. In 2020, the Legislature passed AB 841 (Ting, Chapter 372, Statutes of 2020), which directed the CPUC to approve certain IOU energy efficiency and EV infrastructure investments. The bill also required the CPUC to approve IOU advice letters authorizing the installation of all electrical distribution infrastructure on the utility side of the meter for separately metered EV charging stations. Following the passage of the bill, the CPUC adopted 2 resolutions (E-5167 and E-5168), adopting an alternative to Electric Rule 16 for customers of the small and large IOUs installing separately metered or submetered EV charging infrastructure. These alternative electric rules are known as the EV Infrastructure Rules.

Use of existing electric rule cost-sharing requirements limits ratepayer impact. The EV Infrastructure Rules marked a significant departure from the cost allocation process in Electric Rules 15 and 16 by allowing utilities to recover a greater proportion of the costs for distribution and service extensions for EV chargers from all ratepayers. Unlike the cost allocation requirements in the EV Infrastructure Rules, this bill specifies that the cost allocation methodology for electric utility costs resulting from line extensions to separately metered hydrogen refueling stations shall comply with the longstanding cost sharing requirements of Electric Rules 15 and 16. Under the existing electric rules, costs for distribution and service line extensions are generally shared between the utility and the applicant seeking the line extension. Electric utilities maintain a ratepayer-funded allowance for some line extension costs. However, any costs above the allowance must be paid for by the customer seeking the line extension.

Related/Prior Legislation

AB 126 (Reyes, Chapter 319, Statutes of 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 Clean Transportation Program funds annually to hydrogen fueling stations until July 1, 2030, as specified.

AB 841 (Ting, Chapter 372, Statutes of 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- 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.

SUPPORT: (Verified 8/13/26)

California Hydrogen Business Council (Source)
Air Products and Chemicals, Inc.
Air Water America, Inc.
California Fuels and Convenience Alliance
California Hydrogen Coalition
California State Association of Electrical Workers
California State Pipe Trades Council
Coalition of California Utility Employees
Energy Independence Now
Hydrogen-XT, Inc.
Hyundai Motor America
Iwatani Corporation of America

Managing Director - Americas
Nel Hydrogen
RIC Energy
Shell
Toyota Motor Company
United States Hydrogen Alliance
Valley Clean Air Now
Wolftank USA

OPPOSITION: (Verified 8/13/26)

None received

ARGUMENTS IN SUPPORT: According to the author:

> Assembly Bill 2505 is about removing barriers that make it unnecessarily expensive to build hydrogen fueling stations where we need them most. Right now, outdated rules drive up costs at places like existing truck stops, even when the infrastructure is already in place. By allowing these sites to access a standard utility connection and meter, we can cut unnecessary costs and speed up deployment. This bill creates a practical, fair pathway that lowers costs while still protecting ratepayers and strengthening our electric grid.

ASSEMBLY FLOOR: 78-0, 5/26/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, 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, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Muratsuchi, Celeste Rodriguez

Prepared by: Sarah Smith / E., U. & C. / (916) 651-4107
8/15/26 10:53:28

****** END ******