Date of Hearing:

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 2518 (Sharp-Collins) – As Amended March 19, 2026

SUBJECT: San Diego Gas and Electric Company: energization pilot program

SUMMARY: Requires as part of a pilot program expiring January 1, 2032, San Diego Gas and Electric Company (SDG&E) to energize an affordable housing development project within 40 business days from the date the utility determines that the project is construction ready. Specifically, **this bill**:

1) Requires SDG&E to prioritize the energization of affordable housing development projects over other residential energization projects, provided that such prioritization does not compromise safety, reliability, or compliance with applicable laws and regulations.

2) Provides that the 40-business-day period shall be calculated solely based on periods during which the energization steps are within SDG&E's control.

3) Provides that if, after SDG&E determines an affordable housing development project is construction ready, an issue specific to the project arises that reasonably prevents SDG&E from safely and compliantly completing the energization, the 40-business-day period shall not apply until the issue has been resolved to the mutual satisfaction of SDG&E and the project applicant.

4) Requires reporting on the energization of affordable housing development projects to be included in SDG&E's biannual energization reporting submitted to the CPUC.

5) Defines:

    a) “An affordable housing development project" to mean a project for the construction of a new structure, or the modification of an existing structure, if not less than 100 percent of the dwelling units in that structure, other than dwelling units that will be occupied by resident managers, are set aside and reserved for lower income households, as defined in Section 50079.5 of the Health and Safety Code, for not less than 55 years pursuant to a recorded affordability restriction.

    b) "Construction ready" as the phase in an affordable housing development project when all critical dependencies, including, but not limited to, all necessary inspections, easements, certifications, billing applications, and permits required to energize, have been completed and the affordable housing development project site is accessible to SDG&E.

    c) "Energize" as the act of physically connecting an affordable housing development project to the electrical distribution grid of SDG&E, including the completion of all work necessary to make the energization effective.

EXISTING LAW:

1) Establishes the California Public Utilities Commission (CPUC) and vests the agency with regulatory authority over public utilities, including telephone corporations. (Article 12 of the California Constitution)

2) Requires the CPUC to require each electrical corporation to retain an independent third-party auditor to review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, including new customer energizations, and to evaluate the electrical corporation's current and future energization performance. (Public Utilities Code § 940)

3) Requires the CPUC to require each electrical corporation to retain an independent third-party auditor to review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, including new customer energizations. (Public Utilities Code § 940(a))

4) Requires the independent third-party auditor to report to the CPUC on a biannual basis regarding the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, including new customer energizations. (Public Utilities Code § 940(c))

5) Requires the CPUC to ensure that each electrical corporation has sufficient and timely recovery of costs, consistent with the findings and policies of the Powering Up Californians Act, including for energization projects. (Public Utilities Code § 936)

6) Requires each electrical corporation to annually report to the CPUC on its energization performance, including progress toward meeting the targets established pursuant to Section 934. (Public Utilities Code § 935)

7) Requires the CPUC, on or before September 30, 2024, to establish reasonable average and maximum target energization targets and a process for customers to report energization delays to the CPUC. (Public Utilities Code § 934(a))

8) Requires the CPUC to periodically update the energization time periods and requirements established pursuant to this section to reflect changed circumstances, new information, and experience. (Public Utilities Code § 934(e))

9) Requires the CPUC to establish annual reporting requirements for electrical corporations to report customer energization projects in order to evaluate each electrical corporation's compliance with timely electrical service obligations and requires all such reports to be made publicly available. (Public Utilities Code § 933.5)

10) Authorizes the CPUC to supervise and regulate every public utility in the state and do all things necessary and convenient in the exercise of such power and jurisdiction. (Public Utilities Code § 701)

11) Requires each public utility to furnish and maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, as are necessary to

promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Public Utilities Code § 451)

12) Prohibits a public utility from making or granting any preference or advantage to any corporation or person or subjecting any corporation or person to any prejudice or disadvantage, as to rates, charges, service, facilities, or in any other respect. (Public Utilities Code § 453)

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Assembly Committee on Appropriations for its review.

BACKGROUND:

Energization Lifecycle – The time required to energize a new customer connection is influenced by project characteristics and the condition and capacity of the distribution system. Energization processes vary by utility territory and project type, ranging from relatively simple upgrades, such as residential panel replacements, to more complex projects, such as large commercial or public facilities. Timelines may also be affected by the need for system upgrades and by factors outside the utility's control, including supply chain delays, weather, and the timing of customer application materials and permit approvals. The process typically includes application review, engineering assessment, cost estimation, construction planning, and final inspection and service connection, and may require coordination with local permitting authorities. Utilities often process multiple requests at the same time, and project sequencing can affect timing. In addition, certain steps depend on actions by third parties, including local agencies responsible for permitting and inspections. Some projects also require distribution system upgrades or other infrastructure work, which can extend timelines. As a result, energization may take from about a month to multiple years, depending on project scope and conditions.

As shown in Figure 1, there are many steps—and thus many opportunities for delay—in the customer energization lifecycle. The energization process spans seven sequential phases from pre-application through construction. Preliminary engineering and design alone may take 16 to 23 weeks.

Figure 1: Customer Project Lifecycle (for complex projects)[1]

Energization Delays – California's clean energy and climate policies, including the expansion of renewable electricity, the electrification of buildings, and the transition to zero-emission

[1] Example provided by SDG&E and representative of their territory. Timelines and activities reflect those for complex projects (e.g., subdivisions, developments involving design by SDG&E). Requests that do not involve SDG&E design tend to have shorter timelines. Duration of the project phases are estimates only and represent activities managed by SDG&E; i.e. do not include time for activities that are the customer responsibility.

transportation, are increasing demand for new electric service connections and upgrades to the distribution grid. At the same time, state efforts to accelerate housing production, driven by statutory requirements, depend on timely and reliable access to electric service.

Delays in energizing new customer connections and service upgrades can occur at multiple stages of the process, including engineering review, construction, and coordination with local permitting agencies, and may extend project timelines beyond initial expectations. Projects affected may include housing developments, commercial facilities, public facilities such as schools, hospitals, and water infrastructure, and electric vehicle charging installations, where delays in obtaining electric service can postpone occupancy or operation.

Legislative Response to Energization Delays – To provide certainty around timelines for electric service connections and upgrades, the Legislature enacted SB 410 (Becker, Chapter 394, Statutes of 2023) and AB 50 (Wood, Chapter 317, Statutes of 2023). SB 410 requires the CPUC to establish average and maximum target energization time periods by September 30, 2024. It also requires electrical corporations to report on their performance in meeting those targets, including information on staffing levels and workforce projections. The CPUC is further required to establish a process for customers to report delays and to consider actions in response. AB 50 addresses related issues of transparency in the energization process. It requires the CPUC to define timely electric service, including establishing categories of service, setting target timeframes, and identifying exceptions for more complex projects. The measure also requires utilities to provide customers with information about the status of their service requests and expected timelines.

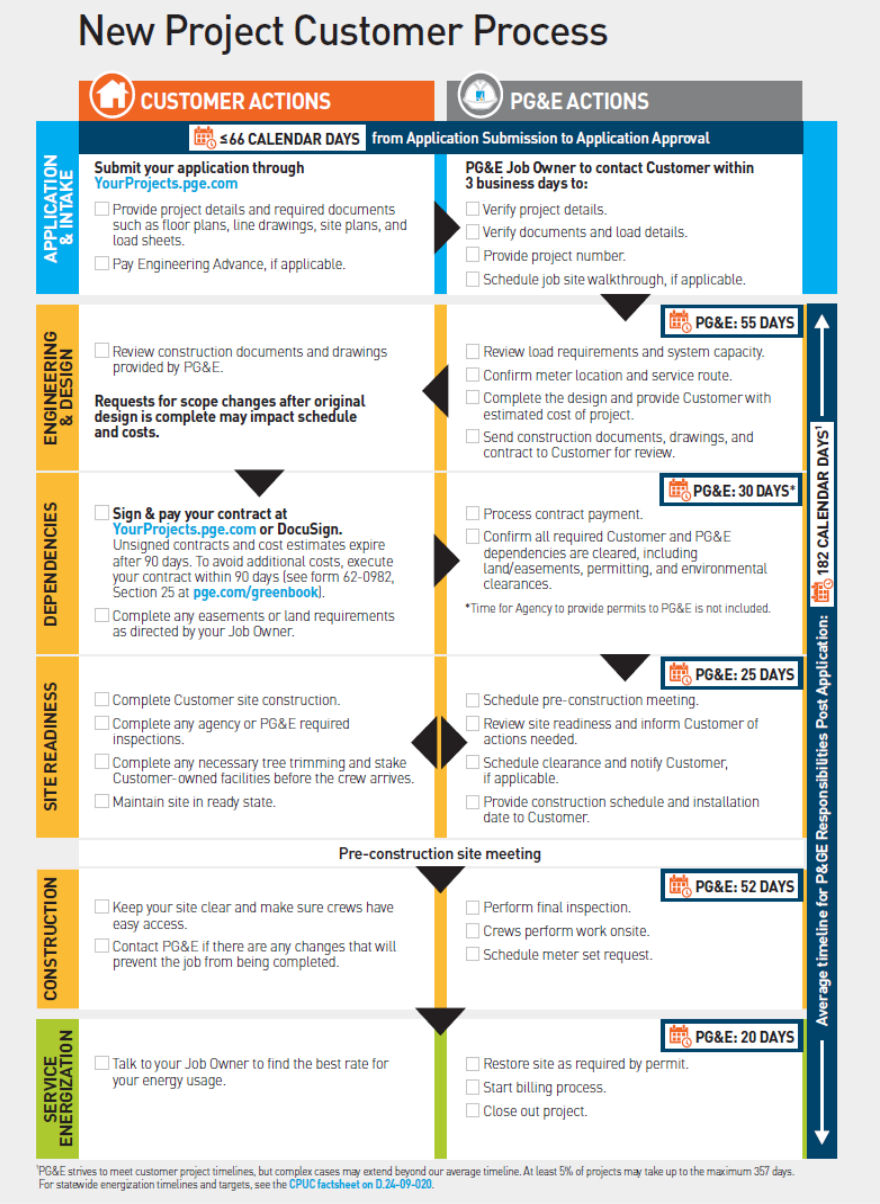
Together, these measures establish expectations for energization timelines and provide the CPUC with tools to monitor utility performance. However, they rely on target setting and reporting, rather than requiring compliance with fixed timelines for individual projects. The statutes also recognize that timelines may vary based on project characteristics, system conditions, and the need for upgrades, and leave implementation details to the CPUC to work through its regulatory proceedings.

CPUC Decision Implementing SB 410 (Becker) and AB 50 (Wood) – On September 12, 2024, the CPUC issued Decision 24-09-020 implementing SB 410 and AB 50. It sets both average and maximum timeframes for different categories of service requests and requires IOUs to track and report their performance against those timeframes.

The decision establishes an eight-step energization process, identifying which steps are within IOU control and which are within customer or third-party control. Steps 2, 4, 6, 7, and 8 are solely within the control of an IOU. It requires IOUs to submit biannual energization reports to the CPUC, with the first report due March 31, 2025, and the second due September 30, 2025. Those reports must include average completion times, explanations for energization periods that exceed the maximum target, and an analysis of obstacles affecting energization. The IOUs are required to report compliance with the CPUC's adopted energization targets in those biannual reports. When an IOU is out of compliance, it must provide a detailed strategy for meeting the adopted targets in the future. However, the CPUC may require the IOUs to take specific remedial actions based on reported non-compliance to achieve the mandated timelines.

The decision requires IOUs to assign a dedicated project manager within 10 business days of application approval to serve as a single point of contact. The project manager must provide monthly status updates and communicate with customers when delays arise, including the cause, responsible party, and estimated resolution timeframe. The decision also adopted an Energization Delay Reporting Form, which provides customers the ability to report energization delays directly to the CPUC's Energy Division. Upon receipt, the Energy Division contacts both the customer and the IOU to request additional information and works with both parties to resolve the delay in a timely manner.

In February 2026, the CPUC issued an additional decision in the proceeding addressing flexible service connections for distribution customers facing capacity constraints. The CPUC is developing a record in Phase 2 on existing enforcement policies and associated penalties. SB 254 (Becker, Chapter 119, Statutes of 2025) requires the CPUC, on or before January 1, 2027, to establish an enforcement policy for the energization targets established by the decision, including penalties for non-compliance with remedial actions.



The Customer Energization Map – **Figure 1:** *(Titled New Project Customer Process):* Figure 1 outlines the sequence of actions that a customer (e.g., a project developer) and an IOU — PG&E, in this case, must take to establish electric service for new construction projects. The process is organized by six phases:

1)Application and intake,
2) Engineering and design
3)Dependencies
4)Site readiness
5) Construction
6) Service energization.

In summary, the process begins when the customer submits project details, site plans, and required documents, and pays any upfront engineering fees. PG&E contacts the customer within 3 business days to verify documents. This

application and intake phase must be completed within 66 calendar days of application submission. PG&E then reviews requirements, finalizes the engineering design, and sends construction documents and a contract to the customer. The customer signs and pays for the contract within 90 days. PG&E then confirms all required clearances, including environmental approvals. Once cleared, PG&E schedules a pre-construction meeting and provides the customer with a construction schedule. PG&E crews then perform onsite construction work and a final inspection, taking 52 days. Service energization follows, during which PG&E restores the site, starts billing, and closes out the project, taking 20 days. Construction and service energization alone account for 72 days of PG&E responsibility.

COMMENTS

1) *Author's Statement.* According to the author, **"**Last year, the Legislature passed sweeping CEQA exemptions to expedite building affordable housing throughout the state. However, developers in San Diego are completing construction on homes that vulnerable San Diegans are waiting to occupy, only to face months of unexplained utility connection delays. These delays drive up costs, and most importantly, leave families on the streets while new homes sit empty. AB 2518 establishes a straightforward priority: eliminate delays and provide for the community."

2) *This Bill*. AB 2518 establishes a pilot program requiring SDG&E, until January 1, 2032, to energize affordable housing development projects within 40 business days from the date SDG&E determines the project to be construction ready, and to prioritize these projects over other residential energization requests under specified circumstances.

3) *Bill Amendments.* While advancing affordable housing is a significant state priority, allowing the utilities to prioritize energizing one sector of development over another could have unintended consequences, and risk compromising customers' sense of fairness and expectations. Given that past legislative efforts (mentioned above) did not select specific economic sectors, however meritorious, to be fast-tracked to energization, but rather set broad targets applicable to all customers seeking to interconnect, the committee recommends expanding this bill's scope beyond affordable housing projects to include all project types. However, the committee also recognizes that some project development is driven by equity, social justice, and policy priorities, and therefore may merit additional attention. *As such, the committee recommends establishing three project categories as follows:*

   i) *Category one projects are defined as development projects designed to protect, support, or advance the public health, safety, or welfare of the community. This category includes affordable housing developments, essential services buildings, and health facilities. Essential services buildings include fire stations, police stations, emergency operations centers, California Highway Patrol offices, sheriff's offices, and emergency communication dispatch centers. Health facilities include hospitals and community clinics.*

   ii) *Category two projects would include municipal facilities and electric vehicle chargers and charging stations.*

   iii) *Category three projects would include all other facilities and project types*.

The committee further recommends establishing tiered energization timelines corresponding to each category. Category one projects must be energized within 40 business days of being determined construction ready. Category two projects must be energized within 55 business days. Category three projects must be energized within 70 business days.

4) *Related Legislation.*

AB 2239 (Carrillo, 2026) requires electrical corporations to meet energization timelines established by the commission and authorizes enforcement mechanisms for failure to meet those timelines, including provisions addressing infrastructure constraints. Status: Assembly Committee on Utilities and Energy Committee

5) *Prior Legislation.*

AB 1026 (Wilson, 2025) requires electrical corporations to provide customers with information necessary to submit an application for service, to notify customers whether an application is complete, and to identify any deficiencies. Status: Vetoed by the Governor.

AB 281 (Grayson) requires special districts to comply with specified timeframes, similar to those for cities and counties, when reviewing and approving post-entitlement phase permit applications from housing developers. Status: Chapter 735, Statutes of 2023.

SB 410 (Becker) requires the California Public Utilities Commission (CPUC) to establish by September 30, 2024, reasonable average and maximum target energization time periods in order to connect new customers and upgrade the service of existing customers to the electrical grid. Status: Chapter 394, Statutes of 2023.

AB 50 (Wood) requires the CPUC to determine the criteria for customers to receive timely electricity service when requesting new service connections or upgraded service, known as "energization." Proposes several policies to address delays in connecting customers to the electrical grid, including improved information sharing with local governments, reporting by electric IOUs, and other measures. Status: Chapter 317, Statutes of 2023.

AB 2234 (Rivas) requires a local agency to post information related to post-entitlement phase permits for housing development projects, process those permits in a specified time period depending on the size of the housing development and establish a digital permitting system if the local agency. Chapter 651, Statutes of 2022.

REGISTERED SUPPORT / OPPOSITION:

Support

San Diego Housing Federation

Opposition

None on file.

Analysis Prepared by: Lina V. Malova / U. & E. / (916) 319-2083