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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Benjamin Allen, Chair  
2025 - 2026 Regular**

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<b>Bill No:</b>	AB 2518	<b>Hearing Date:</b>	6/8/2026
<b>Author:</b>	Sharp-Collins		
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<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
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**SUBJECT:** San Diego Gas and Electric Company: energization pilot program

**DIGEST:** This bill establishes a five-year pilot project regarding specified timelines to energize customers within the San Diego Gas & Electric (SDG&E) service territory.

**ANALYSIS:**

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory jurisdiction over public utilities, including electrical corporations. (Article XII of the California Constitution)
- 2) Defines an “electrical corporation” to include 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)
- 3) 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. Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Public Utilities Code §451)
- 4) Prohibits a public utility from making or granting any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage as to rates, charges, service, facilities, or in any other respect. (Public Utilities Code §453)

- 5) Requires the CPUC to enforce the rules governing the extension of service by a gas or electrical corporation to new residential, commercial, agricultural, and industrial customers. Requires an electrical or gas corporation to permit a new or existing customer who applies for an extension of service from that corporation to install the extension in accordance with the regulations of the CPUC and any applicable specification of the corporation. (Public Utilities Code §783)
- 6) Establishes the Powering Up Californians Act and requires the CPUC to determine the criteria for timely service for electrical customers to be energized, including categories of timely electric service through energization, as specified. (Public Utilities Code § 930 *et seq.*)
- 7) Establishes the policy of the state that each electrical corporation promptly energize new customers, including by ensuring that new housing, new businesses, new electric equipment in buildings, and new charging for light-duty, medium-duty, heavy-duty vehicles and off-road vehicles, vessels, trains, and equipment can be used without delay caused by a failure of the electrical corporation to implement energization projects. (Public Utilities Code § 933)
- 8) Requires the CPUC to determine the criteria for timely service for electric customers to be energized. (Public Utilities Code § 933.5)
- 9) Requires the CPUC, by September 30, 2024, to establish reasonable average and maximum target energization time periods. Requires the targets ensure that work is completed in a manner that minimizes delay in meeting the date requested by the customer to the greatest extent possible. Requires procedures for customers to report energization delays to the CPUC and for electrical corporations to annually report on their performance. (Public Utilities Code §934)
- 10) Requires, for a new housing construction, those utilities to publicly post on their internet websites a schedule of estimated fees for typical service connections for each housing development type and the estimated timeframes for completing typical service connections needed for each housing type. (Public Utilities Code § 8400)
- 11) Requires the CPUC to establish annual reporting requirements for electrical corporations to report customer energization projects in order to evaluate the electrical corporation's fulfillment of timely electrical service.

- 12) 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.
- 13) Requires the third-party auditor to report to the CPUC on a biannual basis.
- 14) Defines "lower income households" to mean persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, including those defined as very low-income households and extremely low income households. (Health and Safety Code §50079.5)
- 15) Defines "essential services building" to mean any building, including buildings designed and constructed, for public agencies used, or designed to be used, or any building a portion of which is used or designed to be used, as a fire station, police station, emergency operations center, California Highway Patrol office, sheriff's office, or emergency communication dispatch center. (Health and Safety Code §16007).
- 16) Defines "health facility" to mean a facility, place, or building that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, to which the persons are admitted for a 24-hour stay or longer, and includes an general acute care hospital, acute psychiatric hospital, and others. (Health and Safety Code §1250)
- 17) Defines "community clinic" to mean a clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. In a community clinic, any charges to the patient shall be based on the patient's ability to pay, utilizing a sliding fee scale. (Health and Safety Code §1204)

This bill:

- 1) Defines "affordable housing development" to mean the construction of a new structure, or the modification of an existing structure, if not less than 100% 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 for not less than 55 years pursuant to a recorded affordability restriction.

- 2) Defines “construction ready” to mean the phase in a project when all critical dependencies, including all necessary inspections, easements, certifications, billing applications, and permits required to energize, have been completed and the project site.
- 3) Defines “energize” to mean the act of physically connecting a project to the electrical distribution grid of SDG&E, including the completion of all work necessary to make the energization effective.
- 4) Defines “essential services building” has the same meaning as defined in Section 16007 of the Health and Safety Code.
- 5) Defines “health facility” to have the same meaning as defined in Section 1250 of the Health and Safety Code, but also includes a community clinic, as defined in Section 1204 of the Health and Safety Code.
- 6) Requires, until January 1, 2032, SDG&E to energize construction-ready projects within specified timeframes, specifically:
  - a) Category 1 projects: within 40 business days of being deemed construction ready. Category 1 projects are development projects that are designed to protect, support, or advance the public health, safety, or welfare of the community, and includes only:
    - i) Affordable housing developments.
    - ii) Development of essential services buildings.
    - iii) Development of health facilities.
  - b) Category 2 projects: within 55 business days of being deemed construction ready. Category 2 projects are the development of a municipal facility or an electric vehicle charger and charging station.
  - c) Category 3 projects: within 70 business days of being deemed construction ready. Category 3 projects are the development of any other facility and project type.

- 7) Requires, only until January 1, 2032, reporting on the energization of those construction-ready projects to be included in SDG&E's biannual energization reporting submitted to the CPUC.
- 8) Provides, if an issue specific to the project arises after SDG&E determines a project is construction ready that reasonably prevents SDG&E from safely and compliantly completing the energization, the timeframes do not apply until the issue has been resolved to the mutual satisfaction of SDG&E and the project applicant.
- 9) States that SDG&E's compliance with the requirements of this section is not a violation of Public Utilities Code §453 concerning preferential treatment of customers.
- 10) Requires that SDG&E's compliance with the proposed timeframes complement, and not conflict with nor supersede, any rule, order, or determination by the CPUC pursuant to the Powering Up Californians Act, pursuant to Public Utilities Code §§930 *et seq.*)

## **Background**

*Connecting to the electric and gas distribution grid.* Rules governing the ability of new buildings and generation and storage resources to connect to the electric and gas distribution grid are generally determined by statute, CPUC rules, and tariffs, (i.e., documents that specify rates, charges, rules, and conditions under which an electrical corporation will provide services to the public) for each of the electrical corporations. New service connections refer to extending an electricity or expanding distribution infrastructure to service new or expanded customer load, known as “energization.” Electric Tariff Rules 15 and 16 establish the guidelines for design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions. The ability to connect to the larger electrical system can take months (if not, years, in some cases) as the process can entail the need for designs, assessments on cost allocations associated with improvements on the electric distribution system to allow for the connection, and other issues. In the case of new building developments, depending on the size of the development, the need for electric service extensions may be needed in phases over months, or years.

*Energization target time periods.* SB 410 (Becker, Chapter 394, Statutes of 2023), the Powering Up Californians Act, required the 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. The bill also required reporting by electrical corporations and authorized specified annual cost-recovery, subject to a cap. AB 50 (Wood, Chapter 317, Statutes of 2023) required the CPUC to determine the criteria for timely service for electric customers to be energized. In CPUC proceeding (R. 24-01-018) the CPUC adopted a decision in September 2024 (D. 24-09-020) which established timelines for energization requests and a procedure for customers to report energization delays to the CPUC. The table below notes the new targets and timelines adopted by the CPUC.

Energyization Type	Average Energyization Target (calendar days)	Maximum Energyization Target (calendar days)
Rule 15	182	357
Rule 16	182	335
Rule 15/16 combined	182	306
Application Decision	10	45
Main panel upgrade	30	45

The CPUC decision also identified eight standard energization steps for the three large electric investor-owned utilities (IOUs), Pacific Gas & Electric, SDG&E, and Southern California Edison, including identifying the steps 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).

- 1) Customer Intake: the customer submits service energization request; the large electric IOU reviews customer submission, educates customer on the energization process and submission requirements; the Applicant Final Submittal (AFS) date is established. The energization clock starts once the large electric IOU notifies the customer that its application is deemed complete.
- 2) Engineering and Design: the large electric IOU completes its field visit(s), engineering study, creates project design and determines cost of project.
- 3) Customer Dependencies: the customer obtains necessary permits, secures easements, signs contracts, pays necessary fees, and receives and documents any other required third-party approvals.
- 4) Utility Dependencies: the large electric IOU submits documentation for all permits and easements and completes other large electric IOU-required approvals related to the specific project and/or site.
- 5) Customer Site Readiness: (a) For non-Rule 29/45 projects: the step reflects the time when a customer requests pre-construction meeting and inspection

from utility; and the customer- required onsite construction is deemed complete after the customer schedules and completes all civil construction. For these projects, the energization clock starts when the customer is cleared for construction and stops when the customer releases the site to the large electric IOU for utility-side construction and energization. (b) For Rule 29/45 projects: the customer requests a pre-construction meeting and inspection from a large electric IOU. The energization clock would stop once a date for preconstruction meeting and inspection is scheduled.

- 6) Large Electric IOU Site Readiness: (a) For non-Rule 29/45 projects: large electric IOU completes pre-construction meetings and inspections. The energization clock would start when the customer requests the preconstruction meeting and inspection and pauses at the first available date the utility representative is able to perform the inspection and meeting.
- 7) Construction: the large electric IOU schedules and completes electrical construction, including traffic control, scheduling outages, and other construction activities.
- 8) Service Energization Provided to Customer: all final inspections are scheduled, and if performed by the large electric IOU, completed; the site is “energized”, allowing the customer to start receiving service.

The CPUC decision also requires electric IOUs to submit biannual energization reports to the CPUC, with the first report due March 31, 2025, and the second due September 30, 2025, with average completion times, explanations for energization periods that exceed the maximum target, and an analysis of obstacles affecting energization. The electric IOUs are required to report compliance with the CPUC’s adopted energization targets in those biannual reports. When an electric 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.

## Comments

*Need for this bill.* According to the author:

AB 2518 establishes a straightforward priority: eliminate delays and provide for the community. Energization delays are leaving critical infrastructure projects across San Diego, such as affordable housing, schools, and hospitals vacant and useless despite being ready for public access. When these delays occur, that

means families are left living on the street, children can't get access to the care they need, and project costs rise.

*SDG&E specific pilot program.* This bill requires a five-year pilot program to energize customers by specified timelines for projects determined to be construction-ready, meaning all critical dependencies are completed (including permitting and inspections). Under this bill, SDG&E would need to meet the specific timelines which are intended to be sooner for essential services buildings, affordable housing, and health facilities at 40 business days. Category 2 projects for EV chargers and municipal facilities need to be energized by 55 business days and lastly all other remaining project types could be energized by up to 70 business days. SDG&E suggests these timelines are feasible given the stage of the project is at when it is construction ready. They note this is often the final stage of a project development seeking to receive electricity service from SDG&E distribution system (noted in the graphic below).



*Alignment with SB 410 and AB 50 decisions.* This bill provides that the pilot program and its timelines are intended to complement and not conflict or supersede any rule, order, or CPUC determination when implementing SB 410 and AB 50. This bill also makes clear that the timelines required are not intended to violate Public Utilities Code §453 prohibiting preferential treatment of customers. The understanding of these intentions is perhaps best demonstrated by the lack of opposition to this proposed pilot program.

**Prior/Related Legislation**

SB 1196 (McNerney) of 2026, requires the CPUC by September 30, 2027, in a new or existing proceeding, to establish timelines for electrical corporations to respond to and process requests to energize accessory dwelling units and junior accessory dwelling units.

SB 254 (Becker, Chapter 119, Statutes of 2025) among its provisions required the CPUC to evaluate and report to the Legislature on or before January 1, 2027, whether to require an electrical corporation to have an executive incentive compensation structure that includes incentive compensation based on meeting the energization targets for all executive officers. The bill also required, on or before

January 1, 2027, the CPUC to establish an enforcement policy for the energization targets that include penalties for not complying with the remedial actions and 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.

SB 1210 (Skinner, Chapter 728, Statutes of 2024) required electrical, gas, sewer, and water service utilities, with exceptions, to post estimated fees and timeframes for new service connections needed to connect new housing construction projects.

AB 50 (Wood, Chapter 317, Statutes of 2023) required the CPUC, by July 1, 2025, to determine the criteria for customers to receive timely electricity service when requesting new service connections or upgraded service, known as "energization."

SB 410 (Becker, Chapter 394, Statutes of 2023) required the 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.

AB 1026 (Wood, Chapter 446, Statutes of 2019) required an electrical or gas corporation to apply only those construction and design specifications, standards, terms, and conditions that are applicable to a new extension of service project for the 18 months following the date the application for a new extension of service project is approved.

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

**SUPPORT:**

San Diego Housing Federation (Sponsor)  
San Diego Gas and Electric Company

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the San Diego Housing Federation:

After years of securing entitlements, financing commitments, and construction permits—and after completing construction—affordable housing developments can sit vacant and uninhabitable simply because SDG&E has not yet completed

the electrical connection. These delays are not merely inconvenient. They translate directly into construction loan interest accruing without offsetting rental income, expiring tax credit deadlines, and months of additional wait time for our most vulnerable neighbors looking for an affordable place to call home. ...AB 2518 provides a targeted, sensible remedy. The bill requires SDG&E to prioritize energization of 100% affordable housing development projects over other residential energization projects, while preserving SDG&E's discretion to manage safety, reliability, and regulatory compliance. The bill applies a clear definition of "construction ready" to ensure prioritization is triggered only when a project has completed all prerequisites, avoiding any undue burden on the utility.

**-- END --**