THIRD READING

Bill No: AB 2518
Author: Sharp-Collins (D), et al.
Amended: 4/27/26 in Assembly
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 16-0, 6/8/26
AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Ashby, Becker, Caballero, Dahle, Gonzalez, Grove, McNerney, Reyes, Richardson, Rubio, Strickland, Wahab
NO VOTE RECORDED: Hurtado

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

ASSEMBLY FLOOR: 77-0, 5/14/26 - See last page for vote

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

SOURCE: San Diego Housing Federation

DIGEST: This bill establishes a five-year pilot program regarding timelines to energize specified 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) 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)

3) 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. (Public Utilities Code §783)

4) 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. Requires the CPUC to determine the criteria for timely service for electric customers to be energized. (Public Utilities Code §930 et seq.)

5) 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)

6) Defines "essential services building" to mean any building designed and constructed for public agencies, such as a fire station, police station, emergency operations center. (Health and Safety Code §16007).

7) Defines "health facility" to mean a facility that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, to which the persons are admitted for a 24-hour stay or longer, and includes a general acute care hospital.(Health and Safety Code §1250)

8) Defines "community clinic" to mean a clinic operated by a tax-exempt nonprofit corporation, as specified. (Health and Safety Code §1204)

This bill:

1) 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.

2) 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.

3) 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.

4) 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.

5) 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.

Energization Type	Average Energization Target (calendar days)	Maximum Energization 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). These steps are: 1) Customer intake; 2) Engineering and Design; 3) Customer Dependencies; 4) Utility Dependencies; 5) Customer Site Readiness; 6) Large Electric IOU Site Readiness; 7) Construction; and 8) Service Energization Provided to the Customer.

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.

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.

Related/Prior Legislation

SB 1196 (McNerney, 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 for small energization projects. The bill is pending in the Assembly.

(See Policy Committee Analysis for more)

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

According to the Senate Appropriations Committee, the California Public Utilities Commission (CPUC) estimates ongoing costs of $380,000 annually (ratepayer funds) to establish new reporting requirements to track SDG&E's compliance with the bill's energization timelines and oversee the pilot project, among other things.

SUPPORT: (Verified 8/13/26)

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

OPPOSITION: (Verified 8/13/26)

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.

ASSEMBLY FLOOR: 77-0, 5/14/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, 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: Arambula, Flora, Celeste Rodriguez

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
8/14/26 14:03:54

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