SENATE COMMITTEE ON APPROPRIATIONS
Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 825 (Petrie-Norris) - Energy: electricity

Version: June 2, 2025
Policy Vote: B., P. & E.D. 8 - 3, E., U. & C. 12 - 1
Urgency: No
Mandate: Yes
Hearing Date: August 18, 2025
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Bill Summary: This bill includes various proposals related to electrical corporations, including a prohibition on allowing electrical corporations to include $15 billion in their rate base for purposes of earning equity returns capital investments related to undergrounding infrastructure; establishing a public financing mechanism to reduce costs associated with the development of eligible transmission projects; establishing a task force to review various customer demand side management programs; creating a local permitting program to provide incentives and a pool of experts to aide local agencies in siting clean energy projects; and revising wildfire mitigation planning.

Fiscal Impact:

- Cost pressure of in the hundreds of millions of dollars (Proposition 4 or other fund source) to establish the Public Transmission Financing Fund for eligible transmission projects, as defined, and projects that are necessary to meet the state's clean energy goals to reduce or offset ratepayer costs associated with the public benefits of transmission projects. I-Bank estimates is would need approximately $3.6 million from the appropriation—$1.6 million for staffing and $2 million for technical advisors, program evaluation and other expenses over three years until program reaches sustainability. This bill would continuously appropriate these funds for the support of eligible entities, as defined. By establishing a continuously appropriated fund, the bill would make an appropriation.
- The California Energy Commission (CEC) estimates limited-term costs of $7 million over two years to support the Demand Side Management Task Force in addition to ongoing costs of $3.7 million annually (Public Transmission Financing Fund) to implement the provisions of this bill.
- The California Public Utilities Commission (CPUC) estimates ongoing costs of about $2.8 million annually (Public Transmission Financing Fund or ratepayer funds) to implement the provisions of this bill.
- The California Air Resources Board (CARB) estimates ongoing costs of $313,000 annually (Public Transmission Financing Fund) to serve on the Statewide Demand Side Management Task Force being created by this bill to identify energy efficiency and demand response programs and evaluate the efficacy of those programs in advancing certain objectives and to recommend program consolidations or closure of these programs.
- To the extent that this bill impacts electricity rates, it could result in costs or savings to the state as a an electric utility ratepayer. The State of California is an electricity customer, purchasing roughly one percent of the state's electricity. As such, the

state incurs costs when rates increase, and realizes cost savings if rates go down (various funds).

Background:

Rising electricity rates. Californians generally enjoyed lower energy bills when compared to the rest of the country, largely due to milder weather and investments in energy efficiency, even as electric rates have been higher than many other states. However, in more recent years, these trends have been changing as California's higher energy rates are also resulting in higher electricity utility bills. As such, there are growing concerns about the affordability of utility bills on household budgets and commercial and industrial entities' balance sheets. This as electricity rates have been outpacing inflation.

CPUC Response to Governor Executive Order N-5-24. On October 30, 2024, Governor Newsom issued Executive Order N-5-24 to address California's rising electricity costs and broader affordability concerns. The order directed the CPUC and the CEC to conduct a comprehensive review of all electric ratepayer-funded programs under their jurisdiction, identifying those that drive up rates without delivering proportional benefits. It also calls for immediate action to sunset or modify underperforming or underutilized programs and return unused funds to ratepayers through bill credits. Additionally, the order instructs the CPUC and the CARB to propose improvements to the California Climate Credit, particularly for low-income customers, and requires Energy Safety and the CPUC to recommend adjustments to wildfire oversight processes to improve cost-effectiveness. All agencies were directed to report their findings and proposed actions to the Governor by January 1, 2025.

In February, the CPUC's response the EO N-5-24 was released and shard with this committee. The CPUC's report noted three areas as "opportunities to control costs and reduce electricity bills." These included: 1) controlling the growth in utility spending; 2) find cost-sharing opportunities; and 3) implementing equitable rates to recover wildfire, public purpose program, and fixed costs. The report concluded with seven specific strategies:

1) All energy–related mandates should be assessed for overall cost-effectiveness;
2) Wildfire and emergency response costs should be paid for by non-ratepayer sources;
3) Integrate WMP strategies more fully into General Rate Case (GRC) processes;
4) Refine Net Energy Metering;
5) Redistribute the Climate Credit volumetrically;
6) Fund cost-shifting programs from non-ratepayer sources; and
7) Ensure programs benefitting all electric customers are supported by all customers, including POU customers.

Proposed Law: This bill:

1) Relevant to public financing for transmission projects:

   a) Creates the Public Transmission Financing Fund within the State Treasury for the purpose of financing eligible transmission projects, as defined, and projects that are necessary to meet the state's clean energy goals to reduce or offset ratepayer costs associated with the public benefits of transmission projects.

b) Makes the moneys in the fund, except as specified, continuously appropriated, without regard to fiscal year, for the support of eligible entities, as defined, and available for expenditure for the above-described purpose. Makes an appropriation by establishing a continuously appropriated fund.
c) Defines “eligible transmission project” for the purposes of public financing as a:

   i) “competitive transmission project” – a new transmission line located, at least in part in the state and identified by the CAISO in its transmission planning process (TPP) as a project subject to competitive bidding;
   ii) “merchant transmission project” – a transmission project where the costs are not eligible for recovery through the CAISO transmission access charge; or
   iii) “utility transmission project” – a transmission project where an electrical IOU or local publicly owned electric utility (POU) has the primary responsibility for construction and ownership.

d) Requires the I-Bank to administer the Public Transmission Financing Program (PTFP) to provide financial assistance and financing for eligible transmission projects, sponsored or owned, in whole or in part, by a public transmission sponsor. Authorizes the I-Bank to provide financial assistance under the PTFP to any public transmission sponsor or participating party either directly or to a lending or financial institution, in connection with the financing or refinancing of a transmission project owned or financed, in whole or in part, by a public transmission sponsor, in accordance with an agreement or agreements, between the I-Bank and the public transmission sponsor either as a sole lender or in participation or syndication with other lenders.
e) Authorizes the I-Bank to issue taxable or tax-exempt bonds, as specified, loan the proceeds to a public transmission sponsor, and deposit the proceeds into the PTFP or use the proceeds to refund bonds previously issued, as provided.
f) Prohibits the I-Bank from providing financing or other support for eligible transmission projects that will recover costs through an authorized revenue requirement approved by the FERC unless the electric IOU or POU has selected their employees for the construction of the project or public transmission sponsor makes specified commitments, including those related to selecting only a prime contractor who has served as such for at least two transmission projects.
g) Prohibits the I-Bank from financing an eligible transmission project unless certain conditions are met for the construction and maintenance of the transmission project and the transmission project complies with General Order 95 of the CPUC.
h) Requires a public transmission sponsor of a transmission project that receives benefits from the PTFP to participate in the Wildfire Fund, as provided, and submit wildfire mitigation plans to the OEIS.
i) Authorizes the CCPCFA to sponsor, finance, purchase, lease, own, operate, acquire, or construct eligible transmission projects. Authorizes the CCPCFA, for those transmission projects, to either seek a revenue requirement from the FERC for any eligible transmission project that will be operated by the CAISO or charge private generators, subscribers, and customers contracting for capacity on the eligible transmission project that is not under FERC’s jurisdiction.

j) Authorizes the CCPCFA, for a transmission project owned, developed or financed by the CCPCFA, to take certain actions.
k) Authorizes the CCPCFA to seek financing assistance from any entity eligible to access the Public Transmission Financing Fund.
l) Deletes the $5 billion limit on the ability of the CCPCFA to issue bonds.
m) Repeals the provisions that authorizes CCFCFA from financing or approving any new program, enterprise, or project on or after January 1, 2007, unless authority to approve such an activity is granted by statute enacted on or before January 1, 2007.
n) Requires the CPUC, for any retail bill credits provided to customers of an electrical IOU by a public transmission sponsor to determine the allocation of the retail bill credits among customer classes and to require the credits to be displayed as a separate line item on the customer bill indicating the source of the credit.
o) Requires an electrical corporation, in a proceeding evaluating the issuance of a certificate for a proposed transmission project, to identify any public transmission sponsor that can provide public financing and assume a minority ownership interest in the project and evaluate the ratepayer savings that could be achieved through the use of a public transmission sponsor.
p) Requires the CPUC to direct the electrical corporation to include a public transmission sponsor in the financing and ownership of the proposed transmission project if a sponsor is available and the ratepayer savings would be material.
q) Requires the CPUC, on or before June 30, 2026, to open a proceeding to evaluate the benefits of using public transmission sponsors to partner with electrical corporations in the development of new transmission projects and to develop a standard methodology for determining ratepayer benefits.
r) Requires the CPUC, on or before December 31, 2027, to submit a report to the Legislature that includes recommendations for statutory changes to support the successful use of public financing for transmission projects that provides maximum savings to ratepayers.

2) Relevant to wildfire mitigation plans (WMPs):

a) Requires those actions to take into account the time required to implement the proposed mitigation and the amount of risk reduced for the cost and risk remaining.
b) Requires electrical corporations to submit their WMPs at least once every four years (instead of every three years).
c) Requires electric IOUs to submit a preliminary WMP at the earliest date one year before the filing of its general rate case application or concurrent with the filing of its Risk Assessment Mitigation Phase application.
d) Requires the list identifying wildfire risks and drivers for those risks to also include particular risks and risk drivers associated with the speed in which wildfire risk mitigation measures can and will be deployed by the electrical corporation and a value of cost-per-avoided ignition for each risk or an explanation on why the value could be assigned to a particular risk, and requires the presentation of certain cost-effectiveness measures adopted by the CPUC.
e) Repeals various references to the Wildfire Safety Division.

3) Relevant to electric IOU financing for undergrounding electrical infrastructure projects:

   a) Requires the CPUC to prohibit a large electric IOU from including in its equity rate base, in addition to the amount of fire risk mitigation capital expenditure, its share of the first $15 billion expended in aggregate by large electric IOUs on infrastructure undergrounding projects, as defined.
   b) Requires an electrical corporation to finance its share of those expenditures through a financing order with a fixed charge on customers' electric utility bills and sunsets the authorization for this securitization in ten years.

4) Relevant to local permitting support for clean energy:

   a) Creates the Permitting Local Assistance for Clean Energy (PLACE) Program, to be administered by the CEC, to facilitate and expedite the permitting of clean energy projects by local governments through the voluntary participation of project applicants and local permitting authorities.
   b) Requires the program to establish a central pool of subject matter experts or consultants with experience in project siting and permitting that will be available to local permitting authorities upon request of those authorities, to establish a program fee range to be paid by the project applicant to the local permitting authority participating in the program that is in lieu of any other applicable fee charged by the local permitting authority, and to establish permitting timelines to be met by the local permitting authority participating program in order to receive additional state moneys through the program, as provided.
   c) Specifies that a project applicant participating in the program is deemed to be in compliance with all applicable community benefits, labor, and developer agreement requirements imposed by law.
   d) Establishes the PLACE Fund in the State Treasury and authorize moneys in the fund, upon appropriation by the Legislature, to be used for purposes of the program, including to support a local permitting authority by providing matching funds to offset the costs associated with local permit review and issuance, including the training or addition of permitting staff.

5) Relevant to statewide demand side management program review:

   a) Establishes the Statewide Demand Side Management Program Review Task Force within the CEC to identify all energy efficiency and demand response programs and evaluate the efficacy of those programs in advancing certain objectives.
   b) Requires the task force, on or before July 1, 2026, to establish simple and objective rules to clarify when projects are eligible for energy efficiency and demand response investments and require agencies and program administrators of those programs, on or before January 1, 2027, to update program rules to reflect those simple and objective rules after a period of public comment.
   c) Requires the task force, on or before July 31, 2026, to recommend program consolidation or closure of programs that do not advance those objectives and requires the agencies and program administrators, on or before January 1, 2027, to consolidate or close programs recommended after a period of public comment and appeal.

   d) Requires the CPUC, in determining the availability of cost-effective, reliable, and feasible energy efficiency and demand reduction resources in an electrical corporation's procurement plan, to implement the recommendations made by the task force.

6) Relevant to the Dig Safe Board:

   a) Requires a regional notification center to facilitate the exchange of planning and design information for electrical infrastructure undergrounding projects, as defined, and requires operators of a subsurface installation to participate in this exchange.
   b) Requires a regional notification center, upon request, to notify a California Native American tribe of proposed excavations within the geographic area with which the tribe is traditionally and culturally affiliated.
   c) Requires the Dig Safe Board to report to the Legislature on the advantages, barriers, and funding options for the development of an internet web-based planning and design platform for accomplishing the exchange of planning and design information and for allowing tribes to view plans for projects and to communicate with plan submitters.

Related Legislation:

SB 254 (Becker) of 2025, includes various proposals to address electric utility bill affordability, including electric transmission infrastructure financing, permitting and deployment; permitting of clean energy infrastructure, including energy storage facilities; and various proposals to address electricity utility bills, including prohibiting equity rate basing by electrical corporations of $15 billion in capital investments.

SB 256 (Perez) of 2025, includes various provisions related to addressing wildfire mitigation by electrical corporations, including a reference to prohibiting equity rate basing of specified wildfire mitigation by electric IOUs.

SB 330 (Padilla) of 2025, authorizes the Governor to establish projects to develop, finance, or operate electrical transmission infrastructure that meets specified requirements.

SB 332 (Wahab) of 2025, includes various proposals, including consideration of underground of electrical infrastructure within an electrical corporation's WMP.

SB 769 (Caballero) of 2025, establishes the Golden State Infrastructure Corporation within the State Treasurer's Office as a not-for-profit corporation for the purpose of financing infrastructure projects. The bill is pending in the Assembly Appropriations Committee.

AB 3264 (Petrie-Norris, Chapter 762, Statutes of 2024) included a suite of proposals to help address energy costs. These include: requiring the CPUC to develop a framework to address energy costs from electricity, natural gas, gasoline, and propane; and requiring the CPUC to submit a study to the Legislature on options to reduce costs on ratepayers of expanding the electrical transmission system.

SB 1003 (Dodd) of 2024, (nearly identical to some provisions in this bill) would have made numerous changes to the processes for addressing wildfire mitigation by electrical corporations, and other electric utilities, including clarifying the roles of relevant state agencies in addressing wildfire risk; and requires electrical corporations to take into account both the amount of wildfire risk reduction for the cost-effectiveness and time value of the proposed mitigation measure within the utility's WMP. The bill was held on the Assembly Floor.

SB 884 (McGuire, Chapter 819, Statutes of 2022) required the CPUC to establish an expedited electric utility distribution infrastructure undergrounding program for large electrical corporations. Required the OEIS to approve or deny the plan within nine months and requires additional actions and reports.

SB 887 (Becker, Chapter 358, Statutes of 2022) adjusted the planning horizon for the annual electricity transmission plan from 10-years to 15-years, and required approval of at least two transmission projects as part of the CAISO 2022-23 TPP.

SB 1032 (Becker) of 2021, would have established a new Clean Energy Infrastructure Authority as a public instrumentality of the state for the purpose of leading the state's efforts to build critical electrical transmission infrastructure necessary to enable the state to transition to 100% clean energy.

AB 111 (Committee on Budget, Chapter 81, Statutes of 2019) created OEIS within the Natural Resources Agency, under the supervision of a director appointed by the Governor, to oversee electrical corporations' WMP.

AB 1054 (Holden, Chapter 79, Statutes of 2019) included numerous provisions related to addressing wildfires caused by electric utility infrastructure, including: bolstering safety oversight and processes, such as required updates to each electric corporation's WMP, recasting recovery of costs from damages to third-parties, including the authorization for an electrical corporation and ratepayer jointly funded Wildfire Fund to address future damages, and changes to provisions concerning the workforce of a change of ownership of a full or portion of an electrical or gas corporation.

SB 901 (Dodd, Chapter 626, Statutes of 2018) addressed numerous issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, WMPs by electric utilities, and cost recovery by electric corporations of wildfire-related damages.

SB 1028 (Hill, Chapter 598, Statutes of 2016) required electric CPUC-regulated utilities to file annual WMP and requires the CPUC to review and comment on those plans.

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