SENATE RULES COMMITTEE
Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 825
Author: Petrie-Norris (D), et al.
Amended: 6/2/25 in Assembly
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 8-3, 7/14/25
AYES: Ashby, Archuleta, Arreguín, Grayson, Menjivar, Smallwood-Cuevas, Umberg, Weber Pierson
NOES: Choi, Niello, Strickland

SENATE ENERGY, U. & C. COMMITTEE: 12-1, 7/15/25
AYES: Becker, Allen, Archuleta, Arreguín, Caballero, Gonzalez, Hurtado, Limón, McNerney, Rubio, Stern, Wahab
NOES: Ochoa Bogh
NO VOTE RECORDED: Ashby, Dahle, Grove, Strickland

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 57-5, 6/5/25 - See last page for vote

SUBJECT: Energy: electricity

SOURCE: The Utility Reform Network

DIGEST: 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 on 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.

ANALYSIS:

Existing law:

1) Establishes the Federal Energy Regulatory Commission has exclusive jurisdiction over the transmission of electricity in interstate commerce and over all facilities for the transmission or sale of electricity in interstate commerce. (Federal Power Act §§§201, 205, 206 (16 United States Code (USC) 824, 824d, 824e))

2) Establishes the California Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations (also known as electric investor-owned utilities (IOUs). (Article XII of the California Constitution)

3) Establishes the Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank (I-Bank) in the Governor's Office of Business and Economic Development. (Government Code §63000 *et seq.*)

4) Establishes the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)). Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of trends. (Public Resources Code §25200 *et seq.*)

5) Establishes the California Independent System Operator (CAISO) as a nonprofit public benefit corporation and requires it to ensure efficient use and reliable operation of the electrical transmission grid. (Public Utilities Code §345)

6) Establishes the Office of Energy Infrastructure Safety within the Natural Resources Agency which, as of July 1, 2021, subsumed the Wildfire Safety Division (WSD) responsibilities at the CPUC, including to review the wildfire mitigation plans (WMPs) of electrical corporations. (Government Code §§15740 *et seq.* and 15475.6, Public Utilities Code §§326 and 8385)

7) 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)

8) Establishes the Wildfire Fund to pay eligible claims arising from a covered wildfire, as provided. Requires the CPUC to direct an electrical corporation participating in the Wildfire Fund to collect a non-bypassable charge from the electrical corporation's ratepayers to support the Wildfire Fund. (Public Utilities Code §§3284 and 3289)

9) Establishes the California Consumer Power and Conservation Financing Authority Act creates the California Consumer Power and Conservation Financing Authority (CCPCFA) (though created in statutes, it is a defunct entity). (Public Utilities Code §§3300, 3310, 3384)

10) Establishes the California Underground Facilities Safe Excavation Board, also known as the Dig Safe Board, within the OEIS. (Government Code §4216 *et seq.*)

This bill:

1) Provides opportunities for public financing and ownership of transmission projects:

   a) Creates the Public Transmission Financing Fund within the State Treasury for the purpose of financing eligible transmission projects 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 "competitive transmission project" – a new transmission line subject to competitive bidding; "merchant transmission project" – a transmission project where the costs are not eligible for recovery through the CAISO transmission access charge; or "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) 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.

2) Makes changes to requirements of the wildfire mitigation plans (WMPs):

   a) Requires mitigation 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 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.
   d) Repeals various references to the WSD.

3) Provides for financing of the undergrounding of 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 10 years.

4) Provides funding to support local permitting for clean energy infrastructure:

   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) 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) Requires review and consolidation of statewide demand side management programs:

   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 31, 2026, to recommend program consolidation or closure of programs that do not advance objectives developed by the taskforce 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.
   c) Requires the CPUC to implement the recommendations made by the task force.

6) Makes changes to information exchanges related 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 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.

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, especially as electricity rates are outpacing inflation.

CPUC Response to Governor Executive Order (EO) N-5-24. On October 30, 2024, Governor Newsom issued EO N-5-24 to address California's rising electricity costs and broader affordability concerns. The EO 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 shared with the Legislature. 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) finding cost-sharing opportunities; and 3) implementing equitable rates to recover wildfire, public purpose program, and fixed costs. The report concluded with seven specific strategies:

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

Comments

Need for this bill. The author states:

> AB 825 offers a handful of solutions to reduce electric costs and drive down customer bills. These include preventing utilities from earning profits on the first $15 billion they spend on undergrounding power lines, setting up a public financing program to help fund new transmission projects at lower cost, creating a task force to evaluate energy efficiency and demand-side programs for customers, launching a new program to help local governments permit clean energy projects with expert support and incentives, and updating the state's wildfire safety planning requirements.

Relevant to undergrounding electrical infrastructure and WMP:

Prohibition on ratebasing $15 billion in undergrounding of electrical infrastructure. This bill mimics an approach approved in AB 1054 (Holden, Chapter 79, Statutes of 2019) pursuant to Public Utilities Code §8386.3(e), to prohibit electrical corporations from rate basing $5 billion in wildfire mitigation investments on their respective systems. This bill expands that effort by prohibiting rate basing of an additional $15 billion in the electrical corporations' aggregated expenses related to undergrounding electrical infrastructure. By excluding capital expenditures from equity rate base, the capital-related shareholder return on equity (ROE), (and associated income taxes) is removed from the utility's revenue requirement and replaced with less costly debt financing. As a result, implementing the capital exclusion from equity rate base is intended to save utility ratepayers money by reducing financing costs in rates. As the CPUC has noted, financing capital expenditures with debt is less expensive than financing with equity, because debt is viewed as less risky by investors and thus a lower risk premium is required by investors. The utilities in opposition to this bill raise concerns that this proposal could result in more expensive capital to operate the utility overall, as investors could be rattled by the prohibition to earn a rate of return on their investments. While AB 1054 included similar provisions, it was packaged with other wildfire-related proposals, including the Wildfire Fund to help pay claims from covered wildfires ignited by utility infrastructure that investors likely viewed favorably. It is unclear whether the approach in this bill would have similar implications. Notably, SB 254 (Becker, 2025) and SB 256 (Perez, 2025) include similar provisions, though in the case of SB 254, the prohibition is for $5 billion for wildfire mitigation and $10 billion for energization projects.

It's well understood that PG&E's costs for undergrounding electrical infrastructure are likely to be a growing cost on electric utility bills for their customers. In this regard, this bill could help shield their customers from some of the costs of these investments. However, it is unclear if the other utilities anticipate utilizing their share of the $15 billion for undergrounding. As this bill moves forward, the author and members may wish to consider if the prohibition on the equity rate base should provide for investments for wildfire mitigation more broadly versus strictly undergrounding of electrical infrastructure.

Additional provisions intended to clarify roles of OEIS, CPUC, and Wildfire Safety Advisory Board (WSAB) relative to wildfire mitigation. This bill incorporates numerous changes to the roles of OEIS, CPUC, and WSAB proposed by the administration in SB 1003 (Dodd, 2024), in order to better align wildfire mitigation with the timing of electric IOUs' GRCs and to clarify the roles of each agency and the WSAB.

Relevant to transmission financing and ownership and clean energy buildout. This bill includes various provisions to support clean energy infrastructure build-out, including supporting local permitting via the proposed PLACE funded by appropriations from future appropriations by the Legislature. This effort is intended to support local authorities as they address the permitting needs for clean energy buildout that will be needed to achieve the state's goals.

This bill also proposes public financing of transmission as an effort to support less expensive transmission financing and ownership by electric IOU. In the case of this bill, the new transmission financing program and financing fund would be available to a range of public sponsors including state agencies, local public agencies, tribal organizations or joint powers authorities. By authorizing the I-Bank to operate either independently or in syndication with other lenders, AB 825 encourages co-investment from private and public financing entities, broadening the pool of available capital and helping to accelerate the development of transmission infrastructure beyond what state resources alone could support. The Senate Energy, Utilities and Communications Committee heard from several stakeholders who shared their interest in public financing and opportunities for public ownership of transmission at the affordability oversight hearing earlier this session. This bill along with SB 254 (Becker, 2025) include public financing and ownership of transmission. While SB 254 seeks the creation of a new clean energy authority to build transmission via public ownership and financing, this bill combines the financing authority of the I-Bank and provides new powers to a defunct entity existing solely in the statutes, the CCPCFA. A related bill, SB 330 (Padilla, 2025), also proposes public financing and public ownership, but provides the Governor with the authority to determine which projects among the CAISO's identified policy projects in the transmission planning process that would be supported by state agencies or local agencies. Electric utilities raise concerns about all three approaches, suggesting the savings intended may not materialize. They propose public financing would be helpful, but the intended outcomes of these approaches may not yield the anticipated savings.

Caution! Wildfire Fund expanded. As proposed by this bill, the transmission projects that are authorized to be financed by the I-Bank or CCPCFA would be required to participate in the Wildfire Fund established by AB 1054 (Holden, 2018) to address future wildfire liabilities from fires after the bill's enactment for large electric IOUs who participate in the fund. AB 1054 also established the formula for contributions, including half paid by shareholders and the other collected from ratepayers via a charge on their utility bills to capitalize $21 billion in claims paying capacity. The fund was not envisioned to include other entities, although there had been discussions about publicly owned utilities, but those were ultimately dismissed given the disproportionate risks among POUs and IOUs. This bill would require participation in the fund from new transmission owners who would likely pass these costs on to the same customers already contributing to the fund which would raise questions of fairness and equity.

Relevant to Demand response /Energy Efficiency programs. This bill builds off AB 3264 (Petrie-Norris, Chapter 762, Statutes of 2024) which included a suite of proposals to help address energy costs. There are reports of the CPUC expected by July 1 of this year to identify programs that are not cost-effective. Perhaps in anticipation of these reports, this bill would require a taskforce to review programs funded by ratepayers for demand response and energy efficiency and sunset programs that are not cost-effective or needed. Many of the opponents raise concerns about the proposal in the bill to do away with programs that they argue provide benefits, even if they do not meet a cost-effectiveness threshold. Additionally, others raise concerns that this proposal is too far reaching and could usurp authorities of local entities, including Community Choice Aggregators and POUs. Given the amount of work needed to review these programs, the author and members may wish to consider limiting the review of the programs to those under the direct jurisdiction of the CPUC.

Related/Prior Legislation

See Policy Committee Analyses

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- 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 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).

SUPPORT: (Verified 8/29/25)

The Utility Reform Network (Source)
California Large Energy Consumer Association
City of Buena Park
City of San Diego
Clean Air Task Force
Net-Zero California
Southern California Regional Energy Network
The Climate Center

OPPOSITION: (Verified 8/29/25)

Advanced Energy United
California Community Choice Association
California Efficiency + Demand Management Council
Marin Clean Electric
North American Wood Pole Council
Pacific Gas and Electric Company
Peninsula Clean Energy Authority
San Diego Community Power
San Diego Gas and Electric Company
Silicon Valley Clean Energy
Southern California Edison
Treated Wood Council
Underground Service Alert of Southern California
Valley Clean Energy Alliance
Western Wood Preservers Institute

ARGUMENTS IN SUPPORT: According to the Climate Center:

> Infrastructure costs in California have reached unsustainable levels, placing a significant financial burden on ratepayers and underscoring the urgent need for more cost-effective development strategies. This bill addresses the issue by

promoting public partnerships in transmission projects, which help lower the overall expenses of developing and maintaining essential energy infrastructure.

The Utility Reform Network (TURN) appreciates that this bill contains a number of major provisions designed to promote electric ratepayer affordability. TURN is urges the Legislature to "…recognize the importance of prioritizing strategies that can lower the costs of future transmission development that are passed through to customers. TURN urges the Legislature to seize this opportunity."

Net-Zero California expresses: "Public financing for transmission infrastructure, especially where is reduces or eliminates return on equity, is one of the most effective ways to reduce the long-term costs of improving our energy grid…"

ARGUMENTS IN OPPOSITION: California Efficiency and Demand Management Council states, "California already has a mechanism for managing the energy efficiency and demand side management portfolio through the California Public Utilities Commission. Absent a due process framework, the proposed Task Force risks adding another layer of bureaucracy to an already complex regulatory environment."

Advanced Energy United also asks to remove provisions that it states could eliminate the beneficial use of demand-management programs. The organization supports this bill's goals to reduce ratepayer costs through public financing of transmission infrastructure.

Several CCAs, including California Community Choice Association, Silicon Valley Clean Energy, Marin Clean Energy, San Diego Community Power express concerns regarding this bill's proposal to establish a statewide taskforce to review energy efficiency and demand response programs funded by electric ratepayers, including those overseen and managed by them (or expected to be).

San Diego Gas and Electric argues that this bill would reduce SDG&E customer bills by less than $1 per year, or ~$0.08 per month, in the first year, and peak at about $1.50 in savings per year, or ~$0.12 per month, after seven years. These minimal savings are likely to be erased by increasing costs for IOUs to attract low-cost capital investments.

ASSEMBLY FLOOR: 57-5, 6/5/25
AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza,

Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Rivas
NOES: DeMaio, Dixon, Ellis, Sanchez, Tangipa
NO VOTE RECORDED: Alanis, Castillo, Chen, Davies, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Macedo, Ortega, Patterson, Ramos, Ta, Wallis, Zbur

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
8/30/25 19:49:05

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