

Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1295 (Stern) – As Amended June 29, 2026

Policy Committee: Utilities and Energy

Vote: 14 - 1

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill directs each electrical corporation (also known as an investor-owned utility (IOU)), as part of the distribution planning process, to evaluate, as specified, whether distributed energy storage systems, such as batteries, can meet identified reliability or capacity need.

FISCAL EFFECT:

As the regulator of IOU rates and service, the California Public Utilities Commission (CPUC) will need to oversee the evaluation this bill requires of the IOUs. Costs will likely be significant.

The CPUC estimates it will face costs of \$1.4 million annually ongoing (Public Utilities Commission Utilities Reimbursement Account) to fund two positions—a utilities engineer (\$209,000 annually) and an analyst (\$160,000 annually)—and \$1 million annually for a contract with an external engineering consultant, as well as \$45,000 annually in travel, equipment and other miscellaneous costs.

The CPUC describes the work to be done by the staff positions as undertaking a rulemaking and, following the rulemaking, ongoing review and validation of IOU filings, overseeing new reporting requirements, annual reviews of project deferrals and overseeing IOU solicitations of third-party distributed energy resources. In addition, the CPUC describes the outside engineering contract as establishing a new framework for IOU analysis and reporting to determine which capacity projects can be deferred through non-wires alternatives and supporting technical analysis and oversight.

Whatever CPUC's costs, it seems reasonable to expect the CPUC's initial costs of implementation to be greater than the CPUC's ongoing costs.

COMMENTS:

California has ambitious clean energy goals. Achievement of those goals will require significant investments in electricity infrastructure, including at both the transmission (higher voltage) and distribution (lower voltage) levels. Regarding distribution-level investment, the CPUC-commissioned study, produced by Kevala, Inc, and released in May of 2023, identified the potential for approximately \$30 billion to \$50 billion in investments in the electricity distribution system (also known as the “distribution grid,” though, in reality, there are many such distribution grids operated by several different IOUs) by 2035. Importantly, the study conditioned its estimate on measures “not taken to reduce costs and manage load,” and it explicitly assumed that

all grid needs would be met with traditional distribution investments and did not consider alternative new time-variant rates, dynamic rates, flexible load management, or other potential mitigation strategies.

This bill seeks to ensure the electrical IOUs do consider at least one type of distributed energy resource—distributed energy storage systems—when identifying ways to meet demands on their electricity distribution grids in order to reduce the need, and cost, of investment in the electricity distribution system. As the author describes it, “Instead of defaulting to costly infrastructure upgrades, we refine how utilities plan to deploy smarter, faster, and more affordable distributed energy solutions right where the grid needs them most.”

Bill supporters agree. For example, the Corporate Energy Buyers Association Affordability describes traditional utility infrastructure projects as “often slow to implement and place a significant long-term burden on ratepayers” and lauds this bill as requiring IOUs to consider “non-wire alternatives—such as local battery storage and demand response – to solve capacity issues in constrained areas” before pursuing expensive traditional infrastructure investments.

The IOUs protest. For example, Pacific Gas and Electric and Southern California Edison together denounce the bill as moving “toward a highly prescriptive, threshold-triggered non-wires evaluation framework that risks delaying essential capacity and reliability upgrades critical for the state’s energization goals and repeating the outcomes of past deferral constructs.” Similarly, San Diego Gas and Electric describes the bill as creating “significant potential for delayed reliability and safety-related infrastructure deployments through rigid, arbitrary, and in many cases, duplicative statutory requirements.”

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