
UNFINISHED BUSINESS

Bill No: SB 254
Author: Becker (D), Petrie-Norris (D) and Wahab (D)
Amended: 9/10/25 in Assembly
Vote: 27 - Urgency

SENATE ENERGY, U. & C. COMMITTEE: 13-2, 4/29/25

AYES: Becker, Allen, Archuleta, Arreguín, Ashby, Caballero, Gonzalez, Hurtado, Limón, McNerney, Rubio, Stern, Wahab

NOES: Ochoa Bogh, Strickland

NO VOTE RECORDED: Dahle, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto

NO VOTE RECORDED: Dahle

SENATE FLOOR: 29-10, 6/4/25

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

NO VOTE RECORDED: Reyes

ASSEMBLY FLOOR: 58-0, 9/13/25 – Roll call is not available

SUBJECT: Energy

SOURCE: Author

DIGEST: This urgency bill proposes various policies related to electrical corporations, including authorizing public financing and ownership electric transmission infrastructure; addressing wildfire mitigation spending and financing;

liability of wildfire property claims; permitting of clean energy projects; transparency of electrical corporations' return on equity (ROE); enforcement of timeliness of energization projects; prohibitions on large electrical corporations from including in their equity rate base an additional \$6 billion of wildfire mitigation capital expenditures.

Assembly Amendments make significant changes, including deleting, adding, and recasting various provisions in this bill to reflect negotiated agreements between the Assembly Speaker, Senate pro Tem, and Governor, most notably, added provisions authorizing an extension of the Wildfire Fund to address large electrical corporations' wildfire-related liabilities.

ANALYSIS:

Existing law:

- 1) Establishes the Federal Energy Regulatory Commission (FERC) 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 USC 824, 824d, 824e))
- 2) Requires that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Article I, §3 of the California Constitution)
- 3) 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)
- 4) 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 (Go-Biz). Creates within Go-Biz the Energy Unit to accelerate the planning, financing, and execution of critical energy infrastructure projects, as specified. (Government Code §§63000 *et seq.*, 12096 *et seq.*, and 12100.110)
- 5) Vests the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)) with the exclusive jurisdiction to certify the construction of certain eligible energy facilities and an optional

process to certify certain clean energy project, the AB 205 “Opt-in” certification program. (Public Resources Code §§25200 *et seq.* and 25500 *et seq.*)

- 6) 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 *et seq.*)
- 7) Establishes the Office of Energy Infrastructure Safety (OEIS) 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)
- 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 nonbypassable charge from the electrical corporation’s ratepayers to support the Wildfire Fund through 2035. (Public Utilities Code §§3281 *et seq.*)
- 9) Establishes the California Consumer Power and Conservation Financing Authority Act which 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.*)
- 11) 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)
- 12) Establishes the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (bond act), approved by the voters as Proposition 4 at the November 5, 2024 statewide general election, authorizes the issuance of bonds in the amount of \$10 billion to finance projects, and authorizes \$850 million of those funds for clean energy projects, upon appropriation of the Legislature. (Public Resources Code §90000 *et seq.*)

- 13) The California Environmental Quality Act (CEQA) requires lead agencies with the principal responsibility for carrying out or approving a project to prepare a negative declaration (ND), mitigated negative declaration (MND), or environmental impact report (EIR) for the project, unless the project is exempt from CEQA. (Public Resources Code §21000 *et seq.*)
- 14) Establishes the policy of the state that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity by December 31, 2035; 95% of all retail sales of electricity by December 31, 2040; 100% of all retail sales of electricity by December 31, 2045; and 100% of electricity procured to serve all state agencies by December 31, 2035. (Public Utilities Code §454.53)

This bill:

- 1) Makes numerous findings and declarations concerning wildfires, the risks to the durability and adequacy of the Wildfire Fund to address electrical corporation's wildfire liabilities, and the need for California to evaluate new models to equitably socialize risk that balance the state's goals, including to provide Californians with safe, affordable, and reliable energy.
- 2) Authorizes public financing and ownership of electrical transmission projects:
 - a) Requires the Energy Unit within Go-Biz to establish a Transmission Infrastructure Accelerator (accelerator) to develop a financing and development strategy for eligible transmission projects receiving California Transmission Accelerator financing and sunsets this authority January 1, 2031. Requires the accelerator, before December 31, 2026, to coordinate the state's ongoing activities related to transmission planning and development and to ensure accelerator projects meet specified criteria.
 - b) Establishes the California Transmission Accelerator Revolving Fund Program, and related fund in the State Treasury, which authorizes the I-Bank to provide financial assistance to any eligible participating party in connection with the financing or refinancing of an accelerator project.
 - c) Requires that eligible projects for financing under these provisions meet specified conditions.
 - d) Makes the moneys in the fund continuously appropriated.

- e) Deems the financing of projects (explicitly includes transmission projects) related to the clean energy projects funded by the Safe Drinking Water, Wildfire Prevention, etc. Bond Act of 2024 to be in the public interest and eligible for financing by the I-Bank.
 - f) Authorizes a 20% tax credit for qualified expenditures related to transmission project for each taxable year (2026 through 2036), not to exceed \$20 million per year.
 - g) Authorizes the CCPCFA to establish, finance, purchase, lease, own, operate, acquire, or construct new transmission projects and authorizes the CCPCFA to seek financing assistance from any entity eligible to access the California Transmission Accelerator Revolving Fund.
- 3) Relates to siting and permitting clean energy projects:
- a) Extends the date by one year, to June 30, 2030, that a person proposing an eligible facility is authorized to apply to the CEC for certification within the AB 205 “Opt-in” program.
 - b) Authorizes the CEC to require certain supporting information to support the preparation of an EIR, MND, or ND, and would make related conforming changes. Specifies timeframes by the executive director may request missing information from applicants.
 - c) Removes findings regarding the conformity of the proposed site for a thermal powerplant or electrical transmission line and related facilities with standards adopted by the CEC from an application requirement for an eligible facility.
 - d) Establishes a rebuttable presumption that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility, as part of the AB 205 “Opt-in” certification program.
 - e) Requires the CEC to prepare a program EIR (PEIR) to analyze the development of a class or classes of facility applying for certification via the AB 205 “Opt-in” program and authorizes a public agency to tier from the PEIR when considering the approval of a specific facility that is within a class or classes.
- 4) Relates to wildfire mitigation by electric utilities:

- a) Revises WMP requirements and cadence to include particular risks and risk drivers associated with the speed with which wildfire risk mitigation measures can and will be deployed by the electrical corporation and an estimate of cost-per-avoided ignition for each risk and requires the presentation of certain cost-efficiency measures adopted by the CPUC.
 - b) Requires electrical corporations when minimizing the risk of catastrophic wildfire posed by their electric lines and equipment to take into account the time required to implement proposed mitigations and the amount of risk reduced for the cost and risk remaining.
 - c) Requires the OEIS to approve or deny a WMP submitted by an electrical corporation within nine months of its submission.
 - d) Revises provisions related to the expedited utility distribution infrastructure undergrounding program to specify that the approval of a distribution infrastructure undergrounding plan is not a project for purposes of CEQA.
 - e) Repeals provisions related to the Wildfire Safety Advisory Board (WSAB).
- 5) Relates to the Wildfire Fund:
- a) Creates the Continuation Account within the Wildfire Fund to be administered by the administrator, and continuously appropriates moneys in the account for purposes of payment of eligible claims arising from wildfires ignited on or after the effective date of this bill, thereby making an appropriation.
 - b) Requires each large electrical corporation, within 15 days of the effective date of this bill, to provide to the CPUC a notification of its election to participate in the account and requires that election constitutes an agreement to certain matters, including a revision of how the large electrical corporations are required to reimburse the fund for any costs and expenses arising from a wildfire that are found not to be just and reasonable. Makes the Account provisions inoperative if one of the large electrical corporations elects not to participate in the account.
 - c) Requires the CPUC to initiate a rulemaking proceeding to consider using its authority to require the large electrical corporations to collect a nonbypassable charge from ratepayers to support the account – extends the existing charge for an additional ten years (to 2045). Authorizes the Department of Water Resources to issue bonds, in an aggregate amount up to \$9 billion, to support the account.

- d) Requires the large electrical corporations, if the CPUC imposes the nonbypassable charge to support the account, to provide to the administrator their annual contributions, and authorizes the administrator to require an additional \$3.9 billion collected via the proportionate share by electrical corporation
 - e) Requires the administrator of the Wildfire Fund, by April 1, 2026, to submit to the Legislature and the Governor a report that evaluates and makes recommendations on new models that responsibly and equitably allocate the burdens from natural catastrophes, across stakeholders, to complement or replace the fund.
- 6) Relates to the right of first refusal in relation to wildfire claims:
- a) Requires the property insurer, for an agreement to sell or transfer to a third-party entity a right of subrogation, to first offer to settle that right on the same terms and conditions as the proposed agreement, to a large electrical corporation that provides electrical service to the service area in which the wildfire ignited.
 - b) Requires the large electrical corporation to accept or reject the offer or to reach agreement on mutually agreeable terms for the settlement of that right within 30 days of the property insurer making the offer.
 - c) Requires the agreement and exchange of information, including the offer made and other documentation related to the offer, to be subject to a nondisclosure agreement and would prohibit the disclosure of that information.
- 7) Relates to financing orders and prohibiting equity rate base of \$6 billion of fire risk capital expenditures:
- a) Requires the CPUC to prohibit a large electrical corporation from including in its equity rate base its share of the first \$6 billion expended in aggregate on fire risk mitigation capital expenditures approved by the CPUC on or after January 1, 2026, beyond the \$5 billion included in AB 1054 (Holden, Chapter 79, Statutes of 2019). Authorizes an electrical corporation's share of the fire risk mitigation capital expenditures and the debt financing costs of these fire risk mitigation capital expenditures to be financed through a financing order. This bill provides that these provisions do not apply to expenditures made after December 31, 2035.

- b) Authorizes an electrical corporation to file an application requesting the CPUC to issue a financing order to authorize the recovery of certain costs and expenses, including those related to catastrophic wildfires that are determined to be just and reasonable through the issuance of recovery bonds by the electrical corporations that are secured by a rate component.
 - c) Authorizes an electrical corporation, for a catastrophic wildfire that was ignited between January 1, 2025, and the effective date of this bill, before filing an application for a determination of just and reasonableness of the settled or finally adjudicated claims associated with the catastrophic wildfire, to file an application for a determination that those claims cannot be paid by the Wildfire Fund and for the issuance of a financing order in the amount of those claims. Requires the CPUC to issue a financing order if it makes certain determinations.
 - d) Requires a large electrical corporation, if it issues recovery bonds pursuant to the financing order, to file an application for a just and reasonableness determination for the costs and expenses included in the recovery bonds. Authorizes the CPUC to order a large electrical corporation to provide a credit to its ratepayers for any disallowed costs and expenses plus any cost and expense resulting from the inclusion of the disallowed costs and expenses in the recovery bonds.
- 8) Relates to reporting on electrical corporation's ROE:
- a) Requires the CPUC to include in an existing annual report additional information on the assets of each large electrical corporation, including information on the rate base for those assets with 10 years of historical values and the total amount for ROE and debt collected in the revenue requirement for those assets.
- 9) Relates to energization projects:
- a) Requires the CPUC to determine whether to require an electrical corporation to have an executive incentive compensation structure that includes meeting the energization project targets established by the CPUC.
 - b) Requires, by January 1, 2027, the CPUC to establish an enforcement policy for the energization targets adopted by the CPUC that include penalties for not complying with the remedial actions.

- c) Requires the CPUC to require each electrical corporation to retain an independent third-party auditor to review its practices and procedures for energizing new customers.

10) Relates to the Dig Safe Board:

- a) Requires the Dig Safe Board to determine through regulation the timelines and processes for information exchanges required of the regional notification center, and to determine whether and under what circumstances an excavator is required to notify the regional notification center prior to the excavation.
- b) Requires the Dig Safe Board report to the Legislature on specified information.

11) Relates to legislative findings concerning urgency and confidentiality:

- a) Makes legislative findings to protect confidential business information.
- b) Declares that it is to take effect immediately as an urgency statute to ensure the provision of reliable and affordable electricity to ratepayers by ensuring financial stability of electrical corporations and to protect consumers from high electricity bills.

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 electricity utility bills on household budgets and commercial and industrial entities' balance sheets, especially as electricity rates are outpacing inflation. These concerns have been discussed at several hearings, including at an earlier oversight hearing of the Senate Committee on Energy, Utilities, and Communications.

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. The EO also directs the CPUC and CEC to report their findings and proposed actions to the Governor by January 1, 2025.

In February, the CPUC's response to the EO was released and shared with the Legislature at the oversight hearing. 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.

Inverse condemnation. The California Constitution provides the basis for recovery against government entities and public utilities via the theory of inverse condemnation. Section 19 of Article 1, requires that just compensation be paid when private property is taken for public use. This is commonly understood as eminent domain. In the case where a property is damaged by a public improvement project, the application is known as inverse condemnation, unlike in cases of negligence, the responsible entity is held strictly liable where a public improvement causes property damage. The California Supreme Court and appellate courts have held that inverse condemnation is applicable to privately owned public utilities (*Gay Law Students Association v. Pacific Telephone & Telegraph Co.* (1979) 23 Cal.3d 458, 469), and (*Barham v. Southern California Edison Company* (1999) 74 Cal. App 4th 744).

Wildfire Fund established. After several catastrophic wildfires ignited or suspected to have been ignited by electric utility infrastructure, including the deadly 2018 Camp Fire, a CPUC decision to disallow costs requested by San Diego Gas & Electric from fires in 2007, and Pacific Gas & Electric's (PGE's) 2019 decision to file for bankruptcy in part to address claims from several fires (and also affected by the criminal probation from the 2008 San Bruno gas pipeline explosion), the Legislature passed AB 1054 which in addition to the numerous provisions related to addressing wildfires caused by electric utility infrastructure, also included the authorization for an electrical corporation and ratepayer jointly funded Wildfire Fund to address future damages from future fires caused by electric utility infrastructure and subject to inverse condemnation. AB 1054 established the formula for contributions for the fund, including half paid by shareholders and the other collected from ratepayers via a volumetric charge on their utility bills (roughly \$0.005/kilowatt-hour) to capitalize up to \$21 billion in claims paying capacity if the large electrical corporations elected to participate. The authorizing statute included a sunset date of 2035 on the Wildfire Fund, with the idea that the Fund would not be needed long-term, only as a limited-time additional insurance

policy as electrical corporations reduced their wildfire risks by investing and implementing in wildfire mitigation measures.

Comments

Need for this bill. According to the author:

According to the non-partisan Legislative Analyst Office (LAO), ‘California electricity rates also have been increasing rapidly in recent years—not only growing faster than inflation but also outpacing growth in other states.’ The California Energy Modernization and Affordability Act is California’s most ambitious effort yet to rein in these rising energy costs and put ratepayers first. ...There is no silver bullet that can immediately lower electricity bills, but collectively these provisions, once fully implemented, will hold utilities accountable and reduce the cost to ratepayers by billions of dollars annually.

Relevant to transmission financing and ownership. This bill authorizes public financing of transmission infrastructure projects as an effort to reduce costs from the buildout of high voltage electric lines needed to serve electricity load. Transmission is a growing cost category on electricity utility bills and likely to continue to increase given estimates in the CAISO’s 20 Year Transmission Outlook of \$45-\$63 billion in costs related to transmission development to support the state’s 2045 zero carbon and renewable energy goal. This bill authorizes I-Bank to make available public financing program and fund to public entities, including public-private partnerships, in combination with tax credits of 20% annually (capped at \$20 million) to reduce costs from these projects as compared privately financed projects by incumbent transmission owners. This bill also revives the CCPCFA to finance, purchase, own, and construct new transmission projects determined to be eligible by the Energy Unit at Go-Biz. Net-Zero estimates public-private partnerships have the potential to provide future savings of \$3 billion annually over the next 20 years during the transmission buildout towards the SB 100 goal. Previous language in this bill, AB 825 (Petrie-Norris, 2025), and SB 330 (Padilla, 2025), required public ownership of transmission projects, this bill authorizes public ownership, but does not require it. Under this approach, electrical corporations, who are generally the incumbent transmission owners, can also participate in the bill’s proposed public financing opportunities, as determined by the Energy Unit at Go-Biz.

Streamlining AB 205 “Opt-in” certification program. This bill makes several changes to certification processes at the CEC, including extending the AB 205

“Opt-in” program for an additional year (to 2030), require applicants have site control as a prerequisite for the program, incorporate timelines by when CEC can request missing information of applicants, create a rebuttal presumption that the facility has a positive impact on the local community, and others. The author shares these changes are intended to streamline and lower the costs of permitting needed clean energy projects to help reach the state’s clean energy goals. Rural County Representatives of California, League of California Cities, and California State Association of Counties oppose the repeal of the requirements to ensure projects conform with air and water quality standards, public safety, and others found in subdivision (d) of Section 25545.8 of Public Resources Code.

Clean energy build out - PEIR tradeoffs. As shared by the Senate Committee on Environmental Quality, PEIRs offer streamlining benefits for projects that tier off of that PEIR, as these projects do not have to repeat environmental review that is included in the PEIR. This reduces redundancy and paperwork in environmental review. However, PEIRs are prepared at an earlier planning stage than project specific EIRs, which can make it more challenging to provide detailed comments. However, the PEIR must satisfy certain requirements, including providing enough detail to meaningfully consider the issues raised by the proposal. The criteria for tiering off PEIRs, as developed in the CEQA guidelines and as reflected in SB 254, are designed to prevent or minimize the likelihood of inappropriate tiering and ensure that there is adequate environmental review for every project. As a result, if a PEIR does not fully address environmental review for a project, then the PEIR can be used in conjunction with project specific EIRs to simplify later environmental review, rather than replacing a project EIR.

Reducing costs related to wildfire mitigation. The CPUC has stated that over the next several years, electric utility wildfire mitigation costs are projected to continue their upward trend. In a study by the Energy Institute at Haas “Risk-Cost Tradeoffs in Power Sector Wildfire Prevention”, the authors note that in 2023 WMPs, California electric IOUs proposed investing over nine billion dollars annually to reduce wildfire ignition risk. PG&E’s most recently approved general rate case (GRC) included authorization to underground up to 1200 miles of electric distribution lines (at a cost of roughly \$4 million per mile). These costs contributed to the overall rate increases that customers are experiencing with the expectation that more rate increases from these investments are on the horizon. The Energy Institute at Haas report on wildfire mitigation prevention measures notes that undergrounding power lines, despite the higher investment cost, is more cost effective than pruning and removing vegetation. However, new operational controls, especially the use of “fast-trip” settings is significantly more cost

effective than other strategies. This bill requires OEIS, the CPUC, and electrical corporations to consider the risk drivers associated with the speed with which wildfire risk mitigation measures can and will be deployed by the electrical corporation, including an estimate of cost-per-avoided ignition for each risk and requires the presentation of certain cost-efficiency measures adopted by the CPUC. The supporters' intent is to more judiciously deploy wildfire mitigation measures that balance the need to reduce wildfire risks with the need to address utility bill affordability.

Additional wildfire mitigation savings - prohibition on equity rate base of \$6 billion in capital infrastructure related to wildfire mitigation. This bill mimics an approach included in AB 1054, which prohibits electrical corporations from \$5 billion in the equity rate base of wildfire mitigation investments on their respective systems. This bill expands that effort by prohibiting an additional \$6 billion from the equity rate base in the electrical corporations' aggregated expenses for capital investments in wildfire mitigation. By excluding capital expenditures from equity rate base, the capital-related shareholder 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 have previously raised concerns with related proposals stating that these types of efforts could result in more expensive capital costs overall in order to operate the utility, 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 optional Wildfire Fund to help pay claims from covered wildfires ignited by utility infrastructure that utilities and their investors likely viewed favorably.

Authorizing the extension of the Wildfire Fund for another 10 years. This bill similarly packages a proposal related to the Wildfire Fund, in this case authorizing an extension of the fund of an additional 10 years to address utility wildfire-related liabilities. With increasing speculation that the deadly January Eaton Fire in Southern California may have been ignited by Southern California Edison transmission infrastructure, there have been growing concerns from utilities, their investors, insurance companies, wildfire victims and their attorneys, that the fund is likely to be depleted by the claims from just the one fire. Eaton Fire claims are estimated in the tens of billions of dollars due to the nearly 10,000 structures and

other property damaged or destroyed in Altadena, Sierra Madre, and Pasadena, in addition to other losses. The Wildfire Fund is currently capitalized at just over \$13 billion. The administrator is currently tracking reported losses from three fires – the October 2019 Kinkade Fire, July 2021 Dixie Fire, and the September 2022 Mosquito Fire. As of July of this year, PG&E had recorded a potential recovery of \$925 million from the fund for the Dixie Fire, and been reimbursed for \$404 million. This bill proposes a Continuation Account of the Wildfire Fund for an additional ten years (to 2045). If all three large electrical corporations elect to participate, the new account would be capitalized using the existing nonbypassable charge on ratepayers to issue additional recovery bonds, but extended through 2045 (up to an additional \$9 billion), and another \$9 billion from electrical corporation shareholders (paid in different installments and allocations than the original fund, with the allocations adjusted to address risk and agreed to by the electrical corporations). Since its inception there have been questions about the durability of the Wildfire Fund, but as noted above the theory was that the utilities would have a 10 year limited time insurance while they made the necessary investments to reduce the risk of their equipment igniting wildfires. However, the level of damage from the Eaton Fire, a conflagration in urbanized area, has further raised concerns about the durability of the fund as an adequate insurance mechanism. In this regard, this bill also requires a study by the administrator and others to consider additional approaches to socializing the costs of these and related disasters.

Right of first refusal related to subrogation claims. Additionally, this bill incorporates a right of first refusal mechanism concerning insurance company's subrogation claims. The meetings this year of the council overseeing the fund there has been discussion about the impacts of insurance subrogation claims being sold to third-parties which increases costs of settled claims seeking reimbursement from the fund. News reports have also reported that hedge funds have been purchasing these claims from insurers often at a discount, as insurers seek to shore up their reserves after a disaster, and with the intent to profit from the settled claims amount with the electrical corporation. While the sale of these claims to third-parties can provide insurance companies additional liquidity, they can also increase the costs of reimbursements, further depleting the fund. AB 1054 recommended, but did not require, a cap of 40% on insurance subrogation claims settled by electrical corporations. Earlier this summer a purported proposal from the administration suggested capping these claims which raised many concerns by insurance companies and others. This bill does not cap the settled amount of the subrogation claims, and instead requires insurers to offer the respective electrical corporation of the service territory affected by the claim with the opportunity to

purchase the claim before it is sold to a third-party. The electrical corporations would be afforded 30 days to agree to settle on the terms offered to the third-party, thereby, encouraging direct settlements with the electrical corporations and potentially reducing additional costs on the fund. However, it is not clear whether electrical corporations intend to pursue these options or whether they would result in the intended savings.

Provisions requires enforcement and auditing of energization projects. A provision of this bill requires enforcement and third party auditors to provide oversight regarding timelines established for energization projects. After numerous complaints about the inability to timely connect new customers (including hospitals, affordable housing units, and others) to the electrical distribution grid, especially in PG&E's territory, the Legislature passed bills to help address these issues. AB 50 (Wood, Chapter 217, Statutes of 2023) and SB 410 (Becker, Chapter 394, Statutes of 2023) require the CPUC to establish timelines to energize, including connecting new customers or increasing service capacity, to the electrical grid. The bills require the CPUC to establish reasonable and average target energization time periods. The CPUC has since adopted a decision in September 2024 which requires that the three large electric IOUs plan and prioritize energization work to meet the new targets and timelines, report on time periods that exceed the targets, and adopt remedial actions if the targets are exceeded. This bill requires the CPUC to implement enforcement of these timelines and requires electrical corporations to contract third-party auditors to evaluate their practices and procedures.

Oversight of electrical corporations ROE. A provision of this bill augments a current annual report required of the CPUC regarding reporting of certain costs for large electrical corporations. This bill requires additional information concerning the amount of rate base for the utility's assets, including historical assets of 10 years, the total amount for ROE and return on debt, total taxes, and portion of the annual revenue requirement associated with the ROE and total return on rate base.

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.

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

According to the Assembly Appropriations Committee:

This bill's various measures create significant new costs for several state agencies, in particular the CPUC and CEC, as well as substantial cost pressure. The sections below, organized by the bill's major provisions, as in the summary above, list the bill's cost drivers and the affected entities and give a sense of the magnitude of each.

The CPUC provided the committee with an estimate of its costs to implement the bill—\$2.9 million ongoing for 12 positions (Public Utilities Commission Utilities Reimbursement Account (PUCURA)).

CEC had not provided the committee with its estimate of cost by the time this analysis was prepared. Nonetheless, CEC's costs will be significant. CEC's main funding sources, the Energy Resources Programs Account (ERPA), faces an ongoing structural deficit and is likely not an appropriate funding source for implementation of this bill.

The OEIS maintains it could absorb within existing resources new or modified work required by this bill.

Public Authority to Fund and Finance Electric Transmission Projects

- 1) Cost pressure of an unknown, but significant amount, to establish, staff and administer the Clean Energy Infrastructure Authority (GF and special funds).
- 2) Cost pressure in the tens of millions to hundreds of millions of dollars (GF, bond funds and special funds) to provide funding for the Clean Energy Infrastructure Authority Fund.
- 3) Potential costs of an unknown but significant amount to the I-Bank to issue bonds (GF).
- 4) Significant ongoing costs, likely in the hundreds of thousands of dollars annually, to DOF to monitor and oversee the authority's operations (GF).
- 5) Significant ongoing costs, likely in the hundreds of thousands of dollars annually, to the State Auditor to conduct an annual audit of the accounts of the authority (GF).

Modifying Wildfire Risk Mitigation Measures

While this section modifies the work of OEIS in reviewing and approving WMPS, OEIS nonetheless contends it could absorb the work with existing resources.

The CPUC concludes it will need two regulatory analysts, at a combined cost of \$403,000 annually (PUCURA), to integrate OEIS cost inputs into its ratemaking proceedings.

Modifying Permitting Processes and Procedures for Clean Energy Projects

CEC will face substantial one-time costs, likely in the hundreds of thousands to low millions of dollars, to develop the PEIR, as well as significant costs to (a) establish clear project development application requirements and to meet the 90-day goal for deeming applications complete, (b) develop a plan that ensures timely consultation between the state agencies when making decisions on project applications, (c) pilot the use of permitting management software and report to the Legislature, (d) maintain a list of community-based organizations and (e) report quarterly to the Legislature on AB 205 inquiries, application submissions and application and project status (ERPA).

Similarly, the Coastal Commission and BCDC will each face significant one-time costs, likely in the hundreds of thousands of dollars each (special funds), to develop a plan that ensures timely consultation between the state agencies when making decisions on project applications, and LCI will incur costs, likely minor and absorbable, to coordinate with CEC on the piloting of permitting management software.

Requirements and Restrictions Regarding Private Utility Spending, Financing and Rate Increases

This section will require substantive analytical and legal work of the CPUC. The CPUC estimates ongoing annual costs of \$750,000 (PUCURA)

SUPPORT: (Verified 9/12/25)

Juan Munoz-Guevara, Lynwood Councilmember
Victor Preciado, Pomona Councilmember
Victor A Sanchez, Bellflower Councilmember
350 Humboldt
350 Sacramento Legislative Team
Agricultural Energy Consumers Association
Asian Business Association Los Angeles

Asian Business Association Orange County
Asian Pacific American Leadership Foundation
Bay Area Council
BizFed Central Valley
Breathe California of the Bay Area, Golden Gate & Central Coast
California Building Industry Association
California Democratic Party
California Electric Transportation Coalition
California Environmental Voters
California Fire Chiefs Association
California Forward
California Greenworks
California/Hawaii State Conference NAACP
California Large Energy Consumers Association
California Municipal Utilities Association
California Solar & Storage Association
California State Association of Electrical Workers
California State Pipe Trades Council
California Wind Energy Association
Center for Sustainable Energy
Central Coast Taxpayers Association
Chambers of Commerce: Alameda, Atascadero, Buellton, California, California
African American, California Asian Pacific, California Hispanic, Carlsbad,
Chula Vista, Dana Point, Danville Area, Downey, Garden Grove, Greater
Bakersfield, Greater Conejo Valley, Hispanic of San Francisco, Los Angeles
Area, North Orange County, Norwalk, Orange County Black, Paradise
Ridge, Paramount, Rancho Cordova Area, Redondo Beach, San Clemente,
San Diego Regional, Santa Clarita Valley, South Bay Association, South
San Luis Obispo County, Walnut Creek, Wilmington, Yorba Linda, and
Yuba-Sutter
Chinese American Construction Professionals
Clean Air Task Force
Climate Action California
Climate Action Campaign
Coalition of California Utility Employees
County of San Diego
Fire Districts Association of California
Gateway Chambers Alliance
Independent Energy Producers Association
Inland Empire Economic Partnership

International Brotherhood of Electrical Workers Local 465
International Brotherhood of Electrical Workers Local 1245
Latin Business Association
Lincoln Training Center
Madera County Economic Development Commission
Mariposa County Resource Conservation District
Natural Resources Defense Council
Net-Zero California
New California Coalition
Northern California Power Agency
Northern Santa Barbara County United Way
Orange County Business Council
Orange County Taxpayers Association
Orange County United Way
Pacific Community Fund
Pacific Gas and Electric
Peninsula Clean Energy
Public Advocates Office
Rising Sun Strategies
San Diego Gas and Electric
San Diego North Economic Development Council
San Gabriel Valley Civic Alliance
San Gabriel Valley Conservation and Service Corps
San Gabriel Valley Economic Partnership
Santa Barbara County Coalition of Labor, Agriculture and Business
Santa Barbara County Econ Alliance
Santa Barbara County Taxpayers Association
Santa Ynez Band of Chumash Indians
Silicon Valley Clean Energy
Silicon Valley Leadership Group
South County Economic Development Council
South Orange County Economic Coalition
Southeast Community Development Corporation
Southern California Edison
Southern California Leadership Council
Southern California Public Power Authority
Southern California Service Corps
Sustainable Works
The Climate Center

The Climate Reality Project, Silicon Valley
The Utility Reform Network
Tuolumne County Alliance for Resources and Environment
Union of Concerned Scientists
Valley Clean Air Now
Ventura County Coalition of Labor Agriculture and Business
Ventura County Taxpayers Association
Veterans in Business Network
Village Solutions Foundation
West Ventura County Business Alliance
Western States Council Sheet Metal, Air, Rail and Transportation
Yuba-Sutter Economic Development Corporation
Two Individual

OPPOSITION: (Verified 9/12/25)

California Farm Bureau Federation
California Large Energy Consumers Association
California State Association of Counties
County of Fresno
Environmental Working Group
League of California Cities
Rural County Representatives of California
The Utility Wildfire Survivor Coalition
Underground Service Alert of Southern California
Several Individual

ARGUMENTS IN SUPPORT: A coalition of organizations, including The Utility Reform Network, Natural Resources Defense Council, California Environmental Voters, Union of Concerned Scientists, and others, state:

California faces an electricity affordability crisis. In just one decade, PG&E rates increased 104%, Southern California Edison rates jumped 83%, and SDG&E bills rose 71%. Without legislative action, electricity bills will continue climbing, placing even greater financial strain on low- and middle-income families. 85% of voters say it's important for their representatives to do everything possible to lower electricity bills this year. SB 254 adopts multiple key measures to reduce electricity bills: Public financing of transmission, securitization, and cost effective wildfire mitigation.

SB 254 also establishes a wildfire fund replenishment mechanism. California's Wildfire Fund could be wiped out entirely by claims from the 2025 Eaton fire. Under this legislation, utility shareholders will contribute 50% of the cost of replenishing the fund, and utility customers will cover the other half. This mechanism will ensure utilities maintain financial stability to continue serving customers.

The sentiments to replenish the Wildfire Fund has also been shared by numerous wildfire survivors from Southern California who lost homes and property in the January 2025 Eaton Fire.

ARGUMENTS IN OPPOSITION: The California State Association of Counties, League of California Cities, and Rural County Representatives of California oppose measures in the bill that expand the AB 205 “Opt-in” permitting program at the CEC for certain clean energy projects. They state:

SB 254 strengthens the CEC’s ability to ignore local laws, regulations, and objections of the community in which the project will be located. SB 254 repeals provisions of Public Resources Code Section 25545.8 that require the CEC to ensure projects conform with public safety standards, air and water quality standards, and other applicable local, regional, state, and federal standards, ordinances, or laws.

The Utility Wildfire Survivor Coalition, representing survivors of the Northern California wildfires that pre-date the Wildfire Fund, express concerns that the bill does not include addressing claims from wildfire victims from the 2015-2018 fires in the service territory of PG&E. They state:

We MUST NOT push aside our commitments to Northern California fire victims while we look to support Southern California fire victims, our utilities and our utility investors. We must ensure that this bill provides EQUITABLE relief for all utility-caused wildfire survivors including those in Northern California that still suffer awaiting their full compensation.

The Underground Service Alert of Southern California expresses concerns with the provisions requiring the California Underground Safety Board to develop two regulations and authorizes property owners that do not own or operate underground utilities to be notified of proposed excavations which they say “pose significant operational problems for DigAlert.”

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
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