
UNFINISHED BUSINESS

Bill No: SB 57
Author: Padilla (D), et al.
Amended: 9/2/25 in Assembly
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 12-3, 4/7/25

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

NOES: Ochoa Bogh, Dahle, Grove

NO VOTE RECORDED: Caballero, Strickland

SENATE APPROPRIATIONS COMMITTEE: 5-0, 5/23/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NO VOTE RECORDED: Seyarto, Dahle

SENATE FLOOR: 25-9, 5/28/25

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

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

NO VOTE RECORDED: Caballero, Cortese, Dahle, Grayson, Limón, Reyes

ASSEMBLY FLOOR: 46-14, 9/12/25 – Roll call not available.

SUBJECT: Electrical corporations: data centers: report

SOURCE: Author

DIGEST: This bill authorizes the California Public Utilities Commission (CPUC) to conduct a specified assessment of electrical corporations' potential costs and rate impacts associated with serving new electrical loads from data centers.

Assembly Amendments of 9/2/25 delete provisions of this bill regarding tariffs and authorize the CPUC to conduct a specified assessment of potential utility costs associated with meeting increased electricity demand from data centers.

ANALYSIS:

Existing law:

- 1) Authorizes the CPUC to supervise and regulate every public utility in the state and permits the CPUC to do anything that is necessary and convenient to exercise its power and jurisdiction. (Public Utilities Code §701)
- 2) Authorizes the CPUC to set rates for public utilities and specifies that every cost charged by utilities to customers must be just and reasonable. (Public Utilities Code §451)
- 3) Defines an electrical corporation as every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others. (Public Utilities Code §218)
- 4) Defines a “retail seller” as an entity engaged in the retail sale of electricity to end-use customers located within the state. This definition expressly includes investor-owned utilities (IOUs), community choice aggregators (CCAs), and energy service providers (ESPs); however, this definition does not include the Department of Water Resources (DWR), publicly owned utilities (POUs), or co-generation facilities. (Public Utilities Code §399.12(j))
- 5) Creates the Renewables Portfolio Standard (RPS) by establishing a state goal of procuring at least 60% of total retail sales of electricity from renewable energy resources by December 31, 2030, with specified benchmarks up to that date. Existing law requires the CPUC to oversee electrical corporations’ compliance with renewable energy procurement mandates and requires the California Energy Commission (CEC) to oversee POU renewable energy procurement compliance. (Public Utilities Code §399.11 et. seq.)
- 6) Establishes a policy to source 100% of all in-state retail electricity sales from zero-carbon resources by December 31, 2045. Existing law requires the CPUC,

CEC and the California Air Resources Board (CARB) to incorporate this policy into all relevant plans. (Public Utilities Code §454.53)

This bill:

- 1) Authorizes the CPUC to assess the extent to which new data center loads are resulting in cost-shifts for customers of electrical corporations.
- 2) Specifies that the CPUC's assessment must include the following:
 - a) An analysis of potential electrical corporation costs for utility procurement needed to meet growing electricity demands from data centers.
 - b) An analysis of potential transmission and distribution costs needed for electrical corporation to serve new data centers or expansions of existing data centers, including the costs of stranded assets.
 - c) Identification of opportunities to prevent or mitigate any substantial cost-shifts.
- 3) Requires the CPUC to submit the assessment authorized by this bill to the relevant policy committees of the Legislature by January 1, 2027, and post a copy of the report on the CPUC's website.
- 4) Sunsets this bill's requirements on January 1, 2031.

Background

Pacific Gas and Electric's (PG&E) Electric Rule 30 Filing. Under existing law, the CPUC adopts electric rules that specify utility infrastructure requirements, including, but not limited to, requirements for interconnection with utility infrastructure. The CPUC also approves tariffs that stipulate the pricing schedules and rate for electric service. Some tariffs are included in an electric utility's electric rules. In November 2024, PG&E filed an application at the CPUC to establish a new Electric Rule 30 (Application 24-11-007). PG&E's filing seeks to establish rules for interconnecting non-residential retail electric customers at transmission level voltages. PG&E's existing rules for retail customer interconnection only pertain to distribution-level voltages. Generally, transmission interconnection is reserved for those customers receiving electricity at voltages between 50 and 230 kilovolts (kV). Customers receiving service above 230 kV are typically connected to the bulk electric system. PG&E's Rule 30 application notes that applications for transmission-level interconnections have accelerated in recent years. Between 2014

and 2022, PG&E had a total of 16 retail customers interconnected with the transmission grid. Since 2023, PG&E has received 34 applications for transmission-level service from entities with an electrical demand of at least four megawatts (MW). In the absence of an electric rule for these interconnections, PG&E has increased its use of the “exceptional case” filing process at the CPUC, which is reserved for those circumstances when adhering to existing rules are not feasible, and a party requests a solution that is not authorized under existing CPUC rules and regulations. Negotiating each interconnection on a case-by-case basis can lead to differing obligations included in each agreement and unpredictable ratepayer costs from those differing obligations. PG&E’s Rule 30 application seeks to create standardized requirements for these interconnections, which may help ensure that utility costs associated with these interconnections are more consistent. On July 24, 2025, the CPUC approved portions of PG&E’s Rule 30 application pertaining to interim implementation of rules for interconnecting transmission level customers who fund 100% of transmission network upgrades. The CPUC deferred decisions on additional portions of PG&E’s application for later phases of the proceeding, and the proceeding remains open.

Bill allows the CPUC to assess the extent to which increasing data center loads result in cost-shifts. On a national level, reports have indicated that substantial data center load growth has increased electric rates in other states, resulting in cost-shifts to customers that are not data centers. Data centers are not the only electricity customers whose load growth is expected to increase overall electricity demand; however, the scale and speed of data center load growth may be driving unanticipated utility costs in other states. This bill authorizes the CPUC to assess the extent to which new data center loads produce costs for electrical corporations that result in cost-shifts to other customers. This bill specifies that this assessment must include an analysis of certain utility costs, including costs associated with utility procurement of electrical generation to meet data centers’ increased energy demands and potential costs resulting from stranded transmission and distribution assets that may result when data centers cease operation. This bill requires the CPUC to identify opportunities to prevent or mitigate potential cost-shifts and submit a report to the Legislature by January 1, 2027, on its analysis of potential cost impacts from data center load growth.

Related/Prior Legislation

SB 58 (Padilla) of 2025, provides certain tax incentives for data center equipment if those data centers using the equipment meet certain job creation, economic

investment, and renewable energy requirements. The bill is currently pending in the Senate Revenue and Taxation Committee.

AB 222 (Bauer-Kahan) of 2025, establishes a framework for estimating and modeling data centers' energy usage. The bill requires the CPUC to specifically determine whether electrical corporation costs directly related to the creation or modification of a data center are just and reasonable, and requires the CPUC to minimize ratepayer cost-shifting that may occur as a result of electric utility costs related to data centers. The bill was held in the Senate Appropriations Committee.

SB 1298 (Cortese) of 2024, would have increased the amount of thermal generation a data center could use as backup power from 100 MW to 150 MW without triggering the CEC's power plant siting process. The bill would have also created conditions for data centers to use this exemption. The bill died in the Assembly.

SB 423 (Stern, Chapter 243, Statutes of 2021) required the CEC to submit a specified report to the Legislature assessing the supply of firm zero-carbon resources supporting clean, reliable, and resilient electrical grid in California.

AB 1373 (Garcia, Chapter 367, Statutes of 2023) among other provisions, authorized DWR to act as a central procurement entity to help the state meet its renewable and zero-carbon energy procurement goals. The bill required the CPUC to determine if procurement is needed, and identify the amount of procurement required.

SB 100 (De Leon, Chapter 312, Statutes of 2018) updated the RPS by establishing a state goal of procuring at least 60% of total retail sales of electricity from renewable energy resources by December 31, 2030, and procuring 100% of retail electricity sales from zero-carbon resources by December 31, 2045.

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

According to the Assembly Appropriations Committee:

This bill will require the CPUC to undertake substantial new analytical, regulatory and legal work. Costs will likely be in the hundreds of thousands of dollars for each year it takes the CPUC to establish the new tariff for each IOU. There may be ongoing CPUC workload, as well, at a somewhat lower annual cost, to oversee IOU implementation of the tariff, provide technical support and resolve disputes.

The CPUC estimates the bill will result in annual costs of \$892,000 (Public Utilities Commission Utilities Reimbursement Account) for four positions: a senior analyst with substantial rate design training and experience, a junior or mid-level analyst, a utilities analyst and a staff services analyst. The CPUC identifies the following activities as a result of this bill: research, record development and ongoing evaluation of alternative revenue-neutral rate design proposals that both avoid cost-shifts and stranded assets and adhere to storage and backup power system requirements consistent with state decarbonization goals.

SUPPORT: (Verified 9/8/25)

350 Bay Area Action
350 Humboldt Steering Committee
California Environmental Voters
California State Association of Electrical Workers
CleanEarth4Kids.org
Coalition of California Utility Employees
Natural Resources Defense Council
Santa Cruz Climate Action Network
Sustainable Rossmoor
The Climate Center
The Utility Reform Network

OPPOSITION: (Verified 9/8/25)

California Cement Manufacturers Environmental Coalition
California Chamber of Commerce
California Hydrogen Business Council
California Large Energy Consumers Association
Chamber of Progress

ARGUMENTS IN SUPPORT: According to the author:

Growing energy demand driven by data centers hold the potential, if done correctly, to lower existing ratepayer costs by more widely spreading costs. If done incorrectly, however, it could have significant ramifications for ordinary ratepayers in the form of expensive stranded assets. This measure is patterned off actions taken in several other states to support the industry while ensuring

existing ratepayers are protected in this new and quickly expanding sector of our economy.

ARGUMENTS IN OPPOSITION: In opposition, the California Chamber of Commerce states:

The CPUC's Energy Division routinely evaluates these proposals to ensure that ratepayers are not exposed to speculative or underutilized investments. Even in cases where the customer recovers a portion of those costs over time, it must demonstrate that doing so will not harm other customer classes. PG&E's proposed Rule 30 this balance by requiring upfront payment of the full cost and allowing limited cost recovery only if projected load actually materializes. That framework, developed through a transparent, stakeholder-driven proceeding, offers precisely the kind of protection SB 57 seeks to impose by statute.

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9/12/25 14:48:01

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