SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
Senator Blakespear, Chair
2025 - 2026 Regular

Bill No:	SB 797		
Author:	Choi		
Version:	4/9/2025	**Hearing Date:**	4/23/2025
Urgency:	No	**Fiscal:**	Yes
Consultant:	Brynn Cook		

SUBJECT: California Environmental Quality Act: exemption: electric utility distribution and transmission system facilities: undergrounding and insulation

DIGEST: This bill creates an exemption from the California Environmental Quality Act (CEQA) to underground or insulate overhead electricity utility distribution and transmission facilities before July 1, 2025, and tasks the Public Utilities Commission (PUC) to form a working group and develop a plan, by July 1, 2027, to invest in undergrounding and insulating power lines.

ANALYSIS:

Existing law:

1) 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 (PRC) §21000 et seq.). If a project may have a significant effect on the environment, the lead agency must prepare a draft EIR. (CEQA Guidelines 15064(a)(1), (f)(1)).

2) Establishes a CEQA exemption for replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, which explicitly includes:
   a) Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity (CEQA Guidelines §15302 (c))
   b) Conversion of overhead electric utility distribution system facilities to underground including connection to existing overhead electric utility distribution lines where the surface is restored to the condition existing prior to the undergrounding. (CEQA Guidelines §15302 (d)).

This bill:

1) Creates a CEQA exemption to underground or insulate overhead electricity utility distribution and transmission facilities.
   a) Sunsets this exemption by July 1, 2027 or once the PUC develops a plan on how to effectively invest in undergrounding or insulating electric utility distribution or transmission system facilities, whichever is sooner.

2) Requires the PUC to form a working group to come up with a plan on how to effectively invest in undergrounding and insulating those facilities, considering costs and wildfire risks, by July 1, 2027.

Background

1) *The A, B, C's of CEQA.* CEQA is designed to (a) make government agencies and the public aware of the environmental impacts of a proposed project, (b) ensure the public can take part in the review process, and (c) identify and implement measures to mitigate or eliminate any negative impact the project may have on the environment. CEQA is enforced by civil lawsuits that can challenge any project's environmental review. Nonprofits, private individuals, public agencies, advocacy groups, and other organizations can all file lawsuits under CEQA. Under CEQA, projects (unless they have a specific exemption) must undergo environmental analysis. This process starts with an initial study which determines what level of further environmental review is needed for a given project. If a project has no significant effects on the environment, or if those effects can be fully mitigated, the project can move forward with a negative declaration (ND) or mitigated negative declaration (MND). If the initial study finds that the project has potentially significant effects on the environment, then a full EIR is conducted. An EIR provides a thorough environmental review of a proposed project, includes proposed mitigation measures for any significant effects that it identifies, and considers alternatives to the proposed.

2) *CEQA exemptions*. Some projects may be eligible for CEQA exemptions. If a project is exempt from CEQA, the lead agency simply identifies which exemption the project is eligible for, and no further environmental review or public engagement is required. There are two types of CEQA exemptions—statutory and categorical. Statutory exemptions are created by the Legislature and apply even if a project has the potential to significantly affect the environment. In contrast, categorical exemptions, which are developed by the Office of Planning and Research and approved by the Secretary of the Natural Resources Agency as part of the CEQA guidelines, generally do not apply if there are significant environmental impacts associated with the project. There

are over 120 statutory CEQA exemptions in the Public Resources Code, Water Code, Government Code, Health and Safety Code. There are also 33 categorical CEQA exemptions listed in the CEQA guidelines.

3) *Transmission Powerlines vs. Distribution Powerlines*. Generally speaking, there are two different types of powerlines used by utility companies:
   a) Transmission powerlines, which are bigger, bulkier, heavier, and higher off the ground, generally held up by large metal towers. These lines bring power from generating facilities or in from out of state and the power is then transferred to distribution powerlines; and
   b) Distribution powerlines, which are thinner, lighter, and not as high off the ground and have historically been held up by wooden poles. These lines take power from the transmission powerlines and deliver it to homes and businesses.

4) Powerlines, Wildfires, & Public Safety Power Shutoffs. There have been many well-documented cases of powerlines causing massive wildfires. A downed line is suspected of sparking January's Eaton Fire, which leveled the southern California city of Altadena and killed 17 people. A downed powerline in Sonoma County in 2019 was responsible for igniting the Kincade Fire, which burned more than 77,000 acres of land.

To avoid the potential for wildfires, utility companies will implement Public Safety Power Shutoff (PSPS) events, where they de-energize certain powerlines – thus shutting off power to homes and businesses – when high-wind events are in the weather forecast. While PSPS events certainly reduce or eliminate the risk of wildfires being caused by downed powerlines, they can be a major – and sometimes costly – inconvenience to homeowners, renters, businesses, and others.

5) Going Underground vs. Covering Up Aboveground. Aside from removing powerlines entirely, utility companies that want to avoid calling PSPS events and reduce or eliminate the risk of wildfires being caused by a downed power line are left with two basic choices – covering the powerlines above ground (known as "covered conductor") or undergrounding the lines.

The covered conductor approach has the advantage of being faster and cheaper.

The downside is while it can significantly reduce the risk of downed powerlines and fires being caused by those downed lines, the covered conductor strategy cannot entirely eliminate that risk. The powerlines are still

exposed to wind and other weather elements, and the covered conductor cannot cover the entire powerline all the way to the pole.

The undergrounding approach has the advantage of eliminating the need to call PSPS events and eliminating the risk of wildfires being caused by downed powerlines because those lines will be underground.

The downside of undergrounding is the cost. According to the California Public Utilities Commission (PUC), the cost to underground existing distribution powerlines can be up to $6.1 million per mile – about 8 times more than the $750,000 per mile it can cost to install new overheard distribution lines. For the bulkier, heavier transmission powerlines, the PUC puts the cost of new overhead lines at $1 million to $11 million per mile while the cost to underground existing overhead transmission lines would be $6 million to $100 million per mile.

Comments

1) *Purpose of Bill.* According to the author, "Wildfires caused by power-related infrastructure have caused some of the largest fires in California history. The state needs a plan on how to exactly invest in undergrounding and insulation of this infrastructure, so that we can truly fire-proof California.

   SB 797 would require the California Public Utilities Commission (CPUC) to form a workgroup to gather data and evaluate how to effectively invest in undergrounding and insulating utility power lines in various wildfire-prone areas across the state. It would also provide a small CEQA exemption for undergrounding projects that are conducted outside of environmentally sensitive areas until the Legislature receives a report from this workgroup, which would be due by July 2027. I ask the committee to allow the creation of this group so the Legislature can better understand the costs and options related to undergrounding."

2) *This is already – at least partially – the law.* The CEQA Guidelines already exempt insulating existing distribution and transmission powerlines, and undergrounding existing *distribution* powerlines from CEQA. Because these exemptions are categorical exemptions, they only apply if the projects meet certain conditions, including that the project does not have cumulative impacts over time, and that the projects do not have significant impacts resulting from 'unusual circumstances" (CEQA Guidelines 15300.2). In the case of undergrounding, the surface must be restored to the condition it was in before the undergrounding project began.

Given that insulating and distribution powerlines are already exempt from CEQA, the practical effect of this bill would be to (a) eliminate the requirements that projects be environmentally benign, and (b) exempt all *transmission* powerline undergrounding projects from CEQA.

3) *CEQA time and costs may be a drop in the bucket.* CEQA exemptions reduce the time and costs associated with environmental review for a project. However, in the case of undergrounding transmission lines, the costs and timelines associated with CEQA may be the least of the project proponents' worries. According to the PUC, the cost to underground transmission powerlines is somewhere between $6 million and $100 million per mile. Even without CEQA, it is difficult to imagine a utility company pursuing approval for such a project absent the ability to recover those costs from its ratepayers, which if approved by the PUC, would no doubt have a significant impact on the utility bills issued to residents in the affected territory.

4) The cart before the horse. This bill requires the PUC to study the effectiveness of undergrounding vs. insulating power lines in the context of wildfires and to develop a plan on how to advance insulating and undergrounding based on the findings of that workgroup.

In the meantime, the bill specifies that undergrounding and insulating projects shall not go through CEQA while this plan is being developed.

Because the findings to this plan should inform the use of undergrounding vs. insulating transmission and distribution lines, that information should be available before undergrounding transmission lines is granted a CEQA exemption to speed it through the permitting process.

The author and Committee may wish to amend the bill to remove the CEQA exemption for undergrounding or insulating distribution and transmission lines.

*Moving forward, the author may wish to task the PUC workgroup with also considering the costs and benefits of using CEQA exemptions, specifically considering the potential costs associated with either policy**.***

5) *Committee amendments.* ***Staff recommends the committee adopt the bolded amendments contained in comment 4 above.***

Due to timing constraints, these changes must be amended into the bill as part

of the actions taken by the next committee. Should the author commit to taking these amendments, the motion in this committee will be "do pass" with that understanding.

DOUBLE REFERRAL

If this measure is approved by the Senate Environmental Quality Committee, the do pass motion must include the action to re-refer the bill to the Senate Energy, Utilities and Communications Committee.

Related/Prior Legislation

SB 252 (Valladares, 2025) establishes a statutory exemption from CEQA for all projects to underground powerlines. SB 252 is in this committee, but was pulled from its hearing by request of the author.

AB 1228 (Essayli, 2025) exempts the approval of a distribution infrastructure undergrounding plans from CEQA. AB 1228 is pending in the Assembly Utilities & Energy Committee.

SB 884 (McGuire), Chapter 819, Statutes of 2022, requires the PUC to create a program to encourage utility companies to underground distribution powerlines and requires the Office of Energy Infrastructure and Safety (OEIS) to approve or deny undergrounding plans submitted by utility companies within nine months.

SOURCE:

SUPPORT:

None received

OPPOSITION:

North American Wood Pole Council
Treated Wood Council
Western Wood Preservers Institute

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