
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

SB 836 (Rubio) - Electricity: transmission planning and permitting

Version: February 21, 2025

Urgency: No

Hearing Date: May 5, 2025

Policy Vote: E., U. & C. 14 - 2

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would require the state's energy agencies and the state's largest electric grid operator to update and review their shared memorandum of understanding (MOU) regarding transmission planning every three years, instead of every five years.

Fiscal Impact:

- The California Public Utilities Commission (CPUC) estimates ongoing costs of about \$218,000 annually (ratepayer funds) and one position to review and update the MOU and associated workplan every three years instead as needed or every five years, respectively.
- The California Energy Commission (CEC) does not anticipate any fiscal impacts.

Background:

SB 100/SB 1020 clean energy goals. With the adoption of SB 100 (De León, Chapter 312, Statutes of 2018) and SB 1020 (Laird, Chapter 361, Statutes of 2022), statute established the policy of the state that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of all retail sales of electricity to California end-use customers by December 31, 2040, 100% of all retail sales of electricity to California end-use customers by December 31, 2045, and 100% of electricity procured to serve all state agencies by December 31, 2035.

In March 2021, the CEC, CPUC and the California Air Resources Board (CARB) released the first joint agency SB 100 report, to determine how best to implement the 100% clean energy policy, and found that in order to meet the state's energy goals, California will need to roughly triple its current electricity power capacity. Most of California's electric transmission system was built four decades ago to deliver electricity from fossil, nuclear, and hydroelectric generation. Transmission upgrades are needed to meet the state's zero-carbon and renewable energy future. There are many reforms underway to support the need for expanded transmission, including better coordination amongst the energy entities to streamline planning, efforts to expedite permitting, and reforms to the interconnection process to ensure new resources can be delivered.

CAISO transmission planning. The CAISO conducts its transmission planning process (TPP) to identify potential system limitations, as well as, opportunities for system reinforcements that improve reliability and efficiency. The annual transmission plan fulfills the CAISO's core responsibility to identify and plan the development of solutions, transmission or otherwise, to meet the future needs of the electricity grid. In 2021, the

CAISO created a 20-Year Transmission Outlook for the electric grid with the goal of exploring the longer-term grid requirements and options for meeting the state's SB 100 clean energy objectives reliably and cost-effectively. The 20-Year Transmission Outlook estimates a significant amount, and expense, to construct and expand transmission facilities, including an estimated \$10.74 billion in upgrades to existing facilities.

CAISO annual TPP which evaluates the electricity system's needs based on energy resource portfolios developed by the CPUC, and in consultation with the CEC, identifies the necessary new transmission lines and upgrades to existing transmission lines required to assure reliability and to further public policy goals. The most recent 2023-24 TPP Portfolios were transmitted to CAISO planning for approximately 86 gigawatts of new resources by 2035. Additionally, the CAISO is in the midst of preparing the 2024-25 TPP with the expected presentation for adoption by the governing board at the May 2025 business meeting.

Transmission Development Forum. The Transmission Development Forum is a more recent joint effort between the CAISO and the CPUC to discuss and track Participating Transmission Owners' expansion and network upgrade projects and schedules. The Transmission Development Forum creates a single forum to track the status of transmission network upgrade projects that affect generators and all other transmission projects approved in the CAISO's TPP. The effort allows for increased transparency for all stakeholders about transmission projects and enhances accountability of transmission owners by having them explain schedule changes, delays, and address stakeholders' questions.

Tracking Energy Development (TED) Task Force. The TED Task Force is another more recent joint effort of the CPUC, CEC, CAISO, and Governor's Office of Business and Economic Development (GO-Biz) to track new energy projects under development. According to the CPUC, the objective is to build on the success of the *ad hoc* 2021 efforts to provide energy resource project development support, as appropriate, and identify barriers and mitigation strategies to accelerate energy project development.

December 2022 MOU. On December 23, 2022, the CPUC, CEC, and CAISO entered an updated MOU, replacing the 2010 MOU, in order to better coordinate their respective and shared efforts for the timely development of resources needed to achieve the state's clean energy goals reliably and economically. The MOU focuses on linkages between forecasting, planning, procurement direction, and the interconnections process, among others, including those related to transmission. The MOU also includes: creating a formal linkage between CEC SB 100/Integrate Energy Policy Report activities and the CAISO and CPUC processes; reaffirming the existing state agency and single forecast set coordination; and updating references to current processes and set direction to updating process documentation.

SB 319 (McGuire, Chapter 390, Statutes of 2023). SB 319 proposed to address the need for the expanded buildout of the electric transmission system serving the CAISO balancing authority area, including the capacity limitations on existing transmission in the northern coast of the state. Among its provisions, SB 319 required the MOU remains current to better reflect any changes to conditions, specifically requiring more regular

review and updates to the December 2022 MOU and related workplan no less than every five years.

Proposed Law: This bill would require the CEC, CPUC, and CAISO to review and update, as necessary, the MOU concerning transmission planning every three years, rather than every five years.

Related Legislation:

SB 319 (McGuire, Chapter 390, Statutes of 2023) required specified actions related to electric transmission planning, including: required a review and update to a December 2022 MOU and related workplan every five years among California energy agencies and the CAISO.

-- END --