

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 842 (Stern) – As Amended June 27, 2025

Policy Committee: Utilities and Energy

Vote: 18 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill requires the California Public Utilities Commission (CPUC), in consultation with the California Independent System Operator (CAISO), by December 31, 2026, to produce a report identifying the opportunities and needs to provide for local and system reliability through firm zero-carbon resources over the short term, midterm, and long term.

FISCAL EFFECT:

This bill will entail complex analytical work of the CPUC, as well as associated administrative work. Costs to the CPUC will likely be in the low- to mid-hundreds of thousands of dollars (Public Utilities Commission Utilities Reimbursement Account) and should be limited to the time it takes the CPUC to produce the one-time report.

The CPUC estimates these costs at \$653,000 annually, which covers the cost of two regulatory analysts, at an average annual cost of approximately \$201,000 each, as well as \$250,000 for each of two years for a contract with an outside consultant to develop and run modeling scenarios that identify the scale of firm zero-carbon resource needs to provide local reliability, and to develop a local analysis tool to identify priority regions for deploying firm zero-carbon resources.

COMMENTS:

Firm power generally refers to power that can be supplied reliably, when needed, and for long duration. Typically, California's firm power has been supplied by powerplants that generate electricity through the use of heat produced by burning natural gas or another fossil fuel or by nuclear reaction, though firm power can also be supplied by certain renewable resources, such as geothermal power. Firm power can be contrasted with intermittent power, which is supplied irregularly and less reliably, for example, when the sun shines or when the wind blows.

Statute requires the CPUC, in coordination with CAISO, to adopt resource adequacy (RA) requirements. In simple terms, RA is a standard meant to ensure electricity providers subject to the CPUC's jurisdiction—known as load-serving entities (LSEs), which, in the context of CPUC jurisdiction means the investor-owned utilities (IOUs), community choice aggregators and electric service providers—have sufficient supplies of electricity available, if needed, to meet customer demand. Currently, the CPUC requires the LSEs to plan for three types of RA: system RA—RA sufficient to accommodate peak system-wide demand, including a reserve margin; local RA—RA sufficient to accommodate peak demand in local areas, even when the local area

supply of electricity is stressed by rare events; and flexible RA—RA sufficient to accommodate the largest three-hour ramp for each month needed to run the electrical system reliably.

The author sees California's electricity system as increasingly challenged by wildfire, load growth and affordability and intends this bill to support accommodation of "a wide and diverse array of clean energy resources" and "optimized planning and help to reduce ratepayer costs."

This bill is supported by Pacific Gas and Electric and the Clean Power Campaign, the latter of which asserts "California's grid currently lacks a structured approach to plan for retirement of aging natural gas power plants and deploy the firm zero-carbon resources that are likely needed to replace them," and views this bill as ensuring "state agencies are optimally planning for all energy needs and constraints, including local reliability."

There is no opposition registered against this bill.

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