Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
SB 886 (Padilla) – As Amended May 14, 2026

SENATE VOTE: 28-8

SUBJECT: California Technology Innovation and Ratepayer Protection Act

SUMMARY: Requires the California Public Utilities Commission (CPUC) to establish an electrical corporation tariff that addresses costs associated with transmission, distribution, and generation services for data centers. Specifically, **this bill**:

1) Defines a data center as a facility that primarily contains electronic equipment used to process, store, and transmit digital information, which may be a free-standing structure or a facility within a larger structure, that uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment. This definition also clarifies that this does not apply to the following facilities:
    a. Publicly funded research facility
    b. Public safety facility
    c. National security facility
    d. Publicly owned facility
    e. Utility facility, including but not limited to, an asset of a facilities-based telecommunications provider

2) Directs the CPUC, on or before July 1, 2027, to establish a rate structure that includes an electrical corporation tariff for the interconnection of data center facilities and the provisions of transmission, distribution, and generation services.
    a. Specifies that the interconnection components of the tariff should apply to data centers taking transmission level electrical service with an estimated peak demand of at least 25 megawatts (MW).
    b. Directs the CPUC to determine the appropriate minimum peak demand for data center customers, but not exceeding 25 MW and consider the extent to which the facility load has a material impact on electrical corporation costs for the remaining aspects of the tariff.

3) Requires the CPUC to do all of the following when establishing an electrical corporation tariff:
    a. Evaluate the risks and benefits of an electrical corporation tariff to nonparticipating customers.
    b. Ensure the tariff prevents the creation of stranded costs for, or cost shifts to, nonparticipating customers.

4) Requires the tariff to do all of the following:
    a. For the generation component of the tariff, assign any unique wholesale energy costs to the data center customer.

b. Include a reasonable share of the costs relating to wildfire mitigation, wildfire liability, electrification and environmental programs, and other societal cost obligations typically collected from distribution-level ratepayers.
c. Require data centers to prefund a contract of at least 15 years in duration for the installation of new, incremental, zero-carbon energy resources sufficient to do both of the following:
    i. Provide at least 50 percent of the participating customer's hourly energy needs.
    ii. Provide dispatchable reliability assets within the load-serving entities service territory.
d. Allows the contract requirement of (c) to also be met by the data center through installation of comparable energy resources behind its meter, limited to zero-emission resources.
e. Requires participation in a new demand response program authorized by the CPUC that does not result in any net costs to a nonparticipating customer and supports load shifting, reliability, resource adequacy, and greenhouse gas emission reduction objectives.
f. Requires the interconnection provisions of the tariff to do the following:
    i. Requires a data center to disclose whether an application for interconnection has already been submitted to another load-serving entity.
    ii. Assign cost responsibility for all transmission facility upgrades triggered by a new facility interconnection to the data center customer.
    iii. Allow participating customers to receive refunds for a portion of the initial nominal dollar contributions to interconnection costs. These refunds will apply only to the extent that actual annual net revenues cover the cost of energization, costs of providing electrical service, or other costs allocated by the CPUC to the data center.
    iv. Requires an early termination fee to be assessed if the data center departs within 15 years of initial interconnection or fails to achieve full load ramp up.
g. Requires the data center to certify it meets specified labor requirements with the CPUC.

5) Requires electrical corporations to publish and update maps showing locations where participating customers can interconnect without the need for significant, costly, and time-consuming transmission upgrades.

EXISTING LAW:

1) Requires that all rates for any service or product charged by an electrical corporation be just and reasonable. (Public Utilities Code § 451)

2) Requires the CPUC to ensure that rates are sufficient to enable IOUs to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low, affordable rate is desirable, and while observing the principle that conservation is desirable in order to maintain an affordable bill. (Public Utilities Code § 739)

3) Requires the CPUC to establish rates using cost allocation principles that fairly and reasonably assign to different customer classes the costs of providing service to those customer classes, consistent with the policies of affordability and conservation. (Public Utilities Code § 739.6)

4) Authorizes the CPUC to require a public utility to correct any rates, practices, equipment, or behavior that is unjust, unreasonable, unsafe, improper, inadequate, or insufficient. (Public Utilities Code § 761)

5) 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)

6) Establishes a policy to source 100% of all in-state retail electricity sales from zero-carbon and renewable resources by December 31, 2045. Existing law requires the CPUC, California Energy Commission (CEC), and the California Air Resources Board (CARB) to incorporate this policy into all relevant plans. (Public Utilities Code § 454.53)

7) Authorizes the CPUC to assess the extent to which electrical corporation costs for new loads from data centers result in cost shifts to other electrical corporation customers. (Public Utilities Code § 913.22)

FISCAL EFFECT: According to the Senate Appropriations Committee, the CPUC estimates one-time costs likely between $750,000 and $2 million spread over two years as well as ongoing costs ranging from approximately $500,000 to $1.2 million annually to establish and implement a new tariff and regulatory framework.

BACKGROUND:

Large Energy Loads – California is experiencing a structural shift in electricity demand driven by the emergence of large energy loads associated with digital infrastructure, transportation electrification, and industrial decarbonization.[1,2] These large loads can materially affect grid planning by increasing peak demand, accelerating the need for new transmission and distribution infrastructure, and complicate procurement requirements. [3] All these factors can have a direct effect on costs borne by ratepayers.[4] At the same time, certain large loads may provide opportunities for demand flexibility, load shifting, or co-location with clean generation resources, suggesting a potential for the net impact on the grid to be neutral, and possibly even

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[1] NERC, 2024 Long-Term Reliability Assessment, Demand Trends and Implications https://www.nerc.com/globalassets/our-work/assessments/2024-ltra_corrected_july_2025.pdf
[2] Slide 10: Main Drivers of Peak Load Growth, Item 6: Resolution Adopting the California Energy Demand Forecast, 2025-2045, https://www.energy.ca.gov/filebrowser/download/9328?fid=9328
[3] Shehabi, A., et al., 2024 United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory. Report #: LBNL-2001637. http://dx.doi.org/10.71468/P1WC7Q
[4] Hieta, K and Rodriguez, E., 2025. "How Will Data Center Growth Impact California Ratepayers?," The Public Advocates Office, https://www.publicadvocates.cpuc.ca.gov/press-room/commentary/251027-how-will-data-center-growth-impact-california-ratepayers

positive.[5] This will depend on how these loads are integrated into state planning and regulatory frameworks.

Data Center Growth – The rapid expansion of data centers – driven by cloud computing, artificial intelligence, and digital services – has introduced a fast-growing and geographically concentrated source of electricity demand in California.[6] Data centers are characterized by high, sometimes continuous (24/7) loads with often relatively limited demand flexibility, placing sustained pressure on transmission and distribution infrastructure. Recent analyses by the CEC indicate that data center electricity consumption is increasing, with projections suggesting significant growth in demand over the next decade.[7] This growth may require large-scale infrastructure upgrades. In the 2024-2025 Draft Transmission Plan, the California Independent System Operator (CAISO) identified billions of dollars in transmission upgrades needed over the next decade to serve anticipated load growth,[8] in part driven by new data centers. Particularly, the clustering of data centers in specific regions (like the Bay Area [9]) can strain local transmission capacity and necessitate costly upgrades for new service lines, raising broader questions of who pays for these upgrades and how to properly plan for these incoming loads. And once energized, questions remain about how these entities adequately cover their cost of service, especially to protect against rising costs for other ratepayers.

Impacts of data center growth across the U.S. – In response to the growing data center demand, states across the U.S. are grappling with how to fairly allocate the costs of this new load. For example, various states have adopted strategies to make data center developers provide more upfront investments to avoid passing those costs onto ratepayers. In Illinois, developers are required to provide a $1 million deposit.[10] In Indiana and Ohio, long-term take-or-pay contracts are required where developers pay for at least 85% of the transmission service they request for at least 10 years, even if their actual usage is less.[11] The PJM Interconnection – the largest power grid operator in the U.S., serving approximately 67 million customers from Chicago to New Jersey, including the "data center alley" of Northern Virginia – was ordered by the Federal Energy Regulatory Commission (FERC) in 2025 to update its tariff to provide interconnection of customers serving co-located load (i.e., data centers with onsite generation).[12]

In June 2026, FERC ordered all six regional grid operators[13] to justify or reform tariffs for data centers and other large energy users as they relate to interconnection and transmission costs.[14]

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[5] Norris, T.H., et al., 2025. Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in US Power Systems. NI R 25-01. Durham, NC: Nicholas Institute for Energy, Environment & Sustainability, Duke University. https://nicholasinstitute.duke.edu/publications/rethinking-load-growth
[6] Shehabi, et al. *Ibid*
[7] Slide 8-9: Data Center Demand Growth, from CEC 2025 IEPR Forecast, https://www.energy.ca.gov/sites/default/files/2026-01/2026-01-05_DAWG_Mtg_Slides-Combined_ada.pdf
[8] 2024-2025 Transmission Plan, CAISO
[9] Slide 20: Data Center Projection Pipeline, from PG&E 2024 Investor Update, https://s21.q4cdn.com/673114418/files/doc_events/2024/06/1/2024-Investor-Update-Presentation_Final.pdf
[10] John Pletz, "AI gold rush fuels ComEd crackdown on data center speculators," Chicago Business, June 24, 2025; https://www.chicagobusiness.com/utilities/comed-seeks-bigger-deposits-ai-era-data-centers
[11] Nick Evans, "Ohio Manufacturers' Association challenges new utility billing for data centers," Ohio Capital Journal, November 13, 2025; https://ohiocapitaljournal.com/2025/11/13/ohio-manufacturers-association-challenges-new-utility-billing-for-data-centers/
[12] FERC Order to PJM, December 18, 2025, Docket EL25-49-000; https://www.ferc.gov/media/e-1-el25-49-000-0#
[13] PJM Interconnection, Midcontinent Independent System Operator, Southwest Poer Pool, California Independent System Operator, ISO New England, New York Independent System Operator

Under the orders, each operator and its transmission owners have 60 days to either justify why their current tariffs remain just and reasonable, or to file tariff changes that address the issues identified by FERC, including the following:

- Develop efficient transmission service applications and study processes, including consideration of alternative transmission technologies.
- Prevent cost shifting and requiring transparency into transmission costs.
- Accommodate co-location agreements and behind-the-meter generation.
- Provide new transmission services for flexible large loads.
- Develop a process to study generating facilities that serve electrically proximate large loads and co-located loads.

This order represents the first significant federal regulatory response to the concerns from data center load growth. The timelines put in place by the order are quick – 60 days for justification or filing of tariffs and just 30 days to submit an information report. Therefore, within the coming months there is likely to be a flurry of new information on how entities across the U.S. are responding to the challenges posed by data center energy demand.

Regulatory response to data center growth – In California, action is underway by the CPUC to address costs of new electrical loads, including data centers. On April 9, 2026, the CPUC opened a rulemaking on the California Advanced Electric Rate Design.[15] As part of this proceeding, the CPUC intends to explore opportunities to address affordability challenges associated with wildfire costs and rapid load growth, including load from data centers. Specifically, this proceeding, in coordination with the assessment required by SB 57 (Padilla, Chapter 647, Statutes of 2025), will consider issues such as stranded costs and cost shifts for new and emerging large loads with a focus on data centers. The order instituting rulemaking indicates that the CPUC intends to publish a staff proposal on residential rate reform as part of this proceeding in the 3rd Quarter of 2026.

Additionally, the CPUC recently approved interim implementation of PG&E's Electric Rule 30, which establishes a new tariff for large load interconnecting on the transmission grid.[16] The decision requires new transmission-level customers to be responsible for the initial costs of all transmission facilities, rather than those costs being borne by ratepayers and was sought by PG&E to address an influx of customers requesting this type of service.

Distinctions Between Interconnection, Energization, and Cost of Service – In utility regulation, "interconnection," "energization," and "cost of service" address distinct, though related, aspects of how large load customers are integrated into the grid. "*Interconnection*" refers to the set of rules that a new electricity generator must follow to connect to the electrical grid and deliver energy to customers.[17] It is the process of connecting generators (i.e., supply) to the grid. In California, this process is overseen and regulated by the Federal Energy Regulatory Commission

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[14] FERC Launchs Aggressive Targeted Action to Speed Large Load Integration, https://www.ferc.gov/news-events/news/ferc-launches-aggressive-targeted-action-speed-large-load-integration
[15] R 26-04-009
[16] A.24-11-007
[17] Interconnection 101, American Clean Power Association , https://cleanpower.org/wp-content/uploads/gateway/2023/06/ACP_Interconnection_FactSheet_0623.pdf

(FERC), CAISO, and the CPUC, in partnership with the utilities, energy generators, and stakeholders.

"Energization" is the process by which new customer loads get connected to the grid, including necessary upgrades to transmission or distribution infrastructure to ensure safe and reliable service. It is the process of connecting load (i.e., demand) to the grid. In California, energization policies for IOUs are governed by utility tariffs (e.g., Rule 15 and Rule 16), which are largely focused on customers connecting to the distribution grid.[18] Recently, as mentioned above, the CPUC approved interim implementation of PG&E's Electric Rule 30, which is focused on transmission-level energization.[19] In 2024, the CPUC set new statewide energization timelines and targets for timely grid connections.[20] And recently, the proceeding entered its Phase 2 Scoping Memo and Ruling as energization timelines continue to delay customer service.

Finally, "*cost of service*" pertains to how the ongoing costs of providing electric service, including generation, transmission, distribution, and public purpose programs, are allocated among different classes of customers through rates. Cost-of-service considerations are what largely make customer rates, addressed through general rate cases and rate design proceedings at the CPUC. Overall, while energization determines the upfront and infrastructure-related costs required to connect new large loads, cost-of-service frameworks govern how those customers contribute to the long-term costs of maintaining and operating the grid.

COMMENTS:

1) *Author's Statement.* According to the author, "As data centers construction has boomed across the country, ratepayers have been forced to pay for the infrastructure of these high energy facilities. Utilities borrow billions to meet this demand with ordinary ratepayers footing the bill. PJM, the East Coast utility provider for 67 million customers, recently reported rates rose 76% due to data centers energy demands. In a meeting with President Trump in the White House, Microsoft, Meta, Anthropic all promised to pay for the cost of interconnection to their data centers, this bill puts these commitments into law."

2) *Purpose of the bill.* As discussed above, many actions are underway to try to ensure those with a greater burden on the electrical grid pay their "fair share" of service needs. The goal of this bill is to do just that, requiring the CPUC to establish a new tariff for data centers that more appropriately allocates the costs of providing energization and serving these large load customers.

   Rate design is an essential mitigation tool to ensure costs are fairly allocated and not shifted to other ratepayers. The treatment of data centers under retail ratemaking presents a challenge, as the pace of retail design has traditionally been aligned with smaller, incremental load growth. Transmission-level customers, such as large data centers, typically pay rates about 14-17¢ less than distribution-level customers.[21] Distribution

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[18] https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/electric-reliability/undergrounding-program-description/rule-20/cpuc-rule-20-undergrounding-programs-current-proceeding-r1705010/electric-tariff-rules-15-and-16-distribution-line-and-service-extensions
[19] A.24-11-007
[20] R.24-01-018
[21] Pg. 26, "Little Hoover Commission Study to Review Data Centers and California Energy Policy, Pt. II," December 11, 2025. https://lhc.ca.gov/wp-content/uploads/Revised-Commissioner-Information-12-11-25.pd

rates also contain statewide policy costs, such as wildfire mitigation, net energy metering, and public purpose program costs. Customers connecting at the transmission level do pay certain distribution costs, including a portion of wildfire-related costs,[22] but not nearly as significantly as distribution-level customers. The primary way large loads reduce bills for other ratepayers is by (a) minimizing or avoiding infrastructure upgrades that would otherwise be socialized – either by limiting the need for new infrastructure or requiring large load customer to pay those costs upfront – and/or (b) ensuring that large-load customers provide stable, long-term revenue over the life of any required upgrades, sufficient to cover not only fixed capital costs but also ongoing operations, maintenance, depreciation, and associated generation procurement costs. Ensuring that data centers adequately cover the cost of energization and service, as is the goal of this bill, will potentially help to ensure these entities are paying for an equitable portion of their energy impact.

3) *Clarification of participating customers.* This bill requires a new tariff to be established for "participating customers," defined differently for the interconnection vs. other rate components. For interconnection components of the tariff, the bill defines "participating customer" as a data center taking transmission level electrical service with an estimated peak demand of at least 25 megawatts. For the other components of the tariff (transmission, distribution, generation) the bill includes a much broader pool of customers, directing the CPUC to determine an appropriate minimum peak demand for "participating customers" as one that should not exceed 25 megawatts and should consider the extent to which facility load has material impact on electrical corporation costs but does not define a specific category of customer that should be included. It is unclear how and why the same tariff would have differing definitions of "participating customers." For example, as currently written, the interconnection components of the tariff would only apply to data centers and not other large loads. The author has shared this was not the intent of the language, but rather that all elements of the bill be specific to data centers. Therefore, *the committee recommends establishing a uniform definition of "participating customer," as a data center with a minimum peak demand, as determined by the commission (but not greater than 25 MW). Additionally, the committee recommends clarifying the definition of a data center to include specific equipment characteristics and intended purposes of the facility.*

4) *Who is exempt?* Data centers come in many shapes and sizes and are vital to many aspects of daily life. For example, enterprise data centers are company owned and operated for proprietary digital operations (such as for banks, healthcare, governments, etc.). Other data center facilities, such as hyperscalers, are large-scale operations that deliver rapid computing power and cloud-based storage to support AI and other data-intensive applications. To address the different types and applications of data centers, the bill makes exemptions for the types of facilities that this new tariff should not apply to, exempting entities such as publicly funded research facilities and national security facilities. However, these definitions may pose loopholes or unintentionally leave desired groups out. For example, the increased reliance of AI on matters of national security may allow hyperscale facilities to fall under the exemption of national security facilities, as

[22] Michael Medieros, "PG&E Written Testimony;" Letter to the Little Hoover Commission; December 8, 2025. https://lhc.ca.gov/wp-content/uploads/PGE-LHC-Written-Testimony.pdf

currently written. In a recent example, the U.S. Department of Justice halted an air pollution lawsuit against a data center in Mississippi, citing that the data center was playing a crucial role in the ongoing Iran war.[23]

Individuals representing private universities in the state have also raised concerns that their status as a private institution may unintentionally prohibit them from the exemption detailed for publicly funded research facilities. Additionally, telecommunication, cable, and internet service providers have also raised concerns that the current language does not adequately exempt data centers associated with their services. Altogether, this highlights the challenges of appropriately including in statute exemptions for an industry as expansive and pervasive in daily life as data centers. The author may wish to revisit and refine this list of exempted facilities to ensure it is an accurate reflection of the intended scope.

5) *Tariff structure.* As previously mentioned, this bill covers aspects of electrical service including interconnection (used to refer to energization), transmission, distribution, and generation services. Placing all these elements under one tariff structure creates inconsistencies and confusion. Moreover, it would be a departure from how tariffs are currently structured (i.e., Rule 30 for PG&E is specific to energization costs and procedures) and would miss including other load-serving entities that do not provide the full suite of tariffs to customers. Therefore, *the committee recommends that the bill be restructured to clarify the elements that are specific to separate tariffs for interconnection, transmission, distribution, and generation services. This requires minor clarifications to the bill language and separating the components of the bill into the relevant tariffs.*

6) *Generation requirements.* In addition to the structural changes mentioned above, the committee recommends changes to the specific provisions related to generation services. As currently written, the bill requires data centers to prefund a contract for the installation of new, incremental zero-carbon energy resources that will provide at least 50% of the participating customers' hourly energy needs and provide dispatchable reliability assets within the load serving entity's service territory. This language seeks a dual purpose: ensuring large loads pay their full costs of generation service and ensuring that generation is as clean as possible. While laudable, this language may add unnecessary barriers in holding data centers accountable for their energy needs. For example, the CPUC recently directed load-serving entities to procure additional resources to meet the load forecast in the Integrated Energy Policy Report.[24] Therefore, it is unclear if load serving entities would need to procure additional new resources to adequately serve data center customers, at least in the immediate future. The over procurement of new resources could raise the risk of these costs being passed on to other ratepayers. Additionally, there is ambiguity in what resources qualify as a "zero-carbon" post-2030 in the SB 100 statute,[25] making planning for this requirement uncertain. Given the rapidly evolving landscape of data center demand growth, it seems prudent to focus efforts on protecting ratepayers

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[23] Daly, M., & Condon, B., In boost to Musk, Justice Department seeks to dismiss air pollution lawsuit against xAI data center. June 16, 2026, https://apnews.com/article/musk-xai-data-center-memphis-pollution-naacp-0e981ca0508d7e4144662392d9d66ab2
[24] D.26-02-057
[25] Public Utilities Code § 454.53

from potential cost increases. Therefore, *the committee recommends removing the bill's existing procurement language and instead directing contract provisions to cover the costs of procurement necessary to serve the participating customer – yielding generation services that prevent over procurement of resources that may yield additional costs borne by other ratepayers.*

Another way to reduce procurement and generation needs is for data centers to invest in onsite generation. To encourage the adoption of more behind-the-meter resources and ensure they are aligned with clean energy goals, the committee recommends retaining the bill's allowance for data centers to reduce the requirement to prefund generation costs by installing zero-emission resources onsite.

Finally, the bill currently directs, as part of the tariff structure, data centers to participate in a new demand response program established by the CPUC. As not specific to any tariff component, *the committee recommends retaining the demand response requirement but moving it outside of the tariff structure.*

7) *Stranded assets protection.* As detailed above, demand from data centers is rapidly growing across California. Often these facilities have the resources to seek out favorable agreements with an energy provider for service and can have inquiries across different service providers. While there is nothing inherently wrong with competition in the market, the ability for these facilities to "shop around" inserts uncertainty into planning frameworks. For example, recent forecasting from the CEC highlights the range of uncertainty from incoming data center demand, ranging from most certain (with agreements) to largely unknown (from inquiries).[26]

   Furthermore, energy providers are required to enter long-term procurement contracts to address the State's resource adequacy and reliability requirements. Therefore, the risk of stranded assets, and ultimately increased costs to ratepayers, is high, especially if large load customers can shop around without consequence. Contract requirements provide a way to ensure that ratepayers are protected against the risk of stranded assets by placing responsibility with the large energy use facilities for the resources and upgrades necessary to serve their needs. In the present bill, this is in the form of prefunded minimum duration contract and upfront costs for transmission facility upgrades.

   One argument against the contract terms applying equally across load-serving entities is that it diminishes competition from entities interested in attracting data center customers. However, the contract terms as outlined are specific to protections against stranded assets and do not limit, for example, CCAs from continuing to provide these large loads generation services at prices deemed appropriate by their governing boards. For clarity, *the committee recommends specifying that the terms related to the generation tariff, including the contract minimum, be a requirement of all load-serving entities, ensuring that the tariff requirements protect ratepayers across entities.*

8) *Interconnection tariff.* The bill requires that an interconnection tariff assign cost responsibility for all transmission facility upgrades triggered by a new data center. In

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[26] Slide 5, presentation by CEC Manager of Demand Analysis Heidi Javanbakht to the Little Hoover Commission, December 11, 2025; https://lhc.ca.gov/wp-content/uploads/5-Heidi-Javanbakht-CEC.pdf

covering those costs, the bill also grants data centers the ability to receive refunds for a portion of its contribution to the interconnection costs. These refunds are tied to the extent that the actual annual revenues cover the costs of energization. However, the bill does not specific what revenues this refund is associated with. Therefore*, the committee recommends clarifying language that specifies the refunds are tied to the transmission revenues received by the electrical corporation. Additionally, the committee recommends clarifying that an early termination fee can be assessed if a data center fails to achieve adequate load ramp up, as determined by the CPUC.*

9) *Additional clarifying amendments. The committee recommends further amendments to clarify the bill or make changes at the request of the author. These include specifying that electric corporation does not include electric co-ops for the purposes of the tariff, changing the prefunded contract terms from 15 years to 10 years, clarifying the language specific to unbundled customer billing, and adding protective language related to the autonomy of service provided by other load-serving entities.*

10) *Related Legislation.*

AB 1577 (Bauer-Kahan) requires data centers to report monthly energy usage and efficiency information to the CEC. The CEC must integrate this data into the 2029 Integrated Energy Policy Report (IEPR) and annually publish the data in an anonymized and aggregated format for the public. Additionally, data centers must submit similar energy and efficiency information to local agencies when requesting authorization to construct or operate a data center. Status: Set for hearing in the Senate Energy, Utilities, and Communications Committee on June 24th.

AB 2383 (Zbur) requires the CPUC to establish a retail electricity classification for large energy use facilities, defined as facilities connected under a retail transmission tariff and broadly meeting the definition of a data center. Additionally, electrical corporations must submit to the CPUC for approval a tariff that covers the provisions of transmission, distribution, and generation, as applicable for large energy use facilities. Load serving entities providing generation service must all meet the same tariff requirements. Status: Set for hearing in the Senate Energy, Utilities, and Communications Committee on June 30th.

AB 2469 (Papan) prohibits a local agency from approving construction of a new, or expansion of an existing, data center unless an applicant for a data center project provides the local agency with detailed information regarding the data center′s water use and meets other requirements related to workforce and infrastructure for the data center. Status: Set for hearing in the Senate Natural Resources and Water Committee on June 23rd.

AB 2505 (Carillo) requires the CPUC to establish a new tariff or rule for electrical corporations to establish separately metered electrical service to heavy-duty hydrogen refueling stations. Status: Set for hearing in the Senate Energy, Utilities, and Communications Committee on June 24th.

AB 2619 (Papan) requires data center developers to provide information on water use to water suppliers and local governments prior to being issued a business license and upon

renewal of a business license, and requires urban water suppliers to consider data center demand in water shortage planning. Status: Set for hearing in the Senate Natural Resources and Water Committee on June 23rd.

SB 887 (Padilla) provides that the California Environmental Quality Act (CEQA) applies to data center projects, as defined. Adds data center projects meeting specified conditions and geothermal projects to existing streamlining provisions for Environmental Leadership Development Projects (ELDPs). Status: Set for hearing in this committee on June 24th.

SB 978 (Pérez) requires the CPUC to establish a special rate structure for data centers taking transmission level electrical service with an estimated peak demand of at least 75 megawatts, as specified. This bill requires a contractor who enters a contract to perform work on a data center facility to abide by specified public works requirements and use a skilled and trained workforce. Status: Held in the Senate Appropriations Committee.

SB 1168 (McNerney) requires the CPUC to assess opportunities for rate structures to address specified rate impacts associated with data centers, including paying a reasonable share of costs associated with transmission and distribution needs, paying for a proportionate share of load increases and procurement needs, and alleviating cost pressures on residential ratepayers. Status: Set for hearing in this committee on June 24th.

11) *Prior Legislation.*

AB 222 (Bauer-Kahan, 2025) required the CEC to collect and analyze data center energy consumption trends and include those findings in the 2027 IEPR. This bill also required the CPUC to determine if data center loads resulted in cost shifts to other customers and to submit an assessment to the Legislature. Status: Held in the Senate Appropriations Committee.

AB 93 (Papan, 2025) required a data center operator to provide its estimated or actual water use to its water supplier as a condition of obtaining or renewing a business license issued by a city or county. Status: Vetoed

SB 57 (Padilla) authorizes the CPUC to assess the extent to which utility costs associated with new loads from data centers result in cost shifts to other utility customers and generate a report to the Legislature by January 1, 2027. This assessment may include costs associated with growing load demand, consideration of stranded asset costs, and mechanisms to prevent or mitigate cost shifts to ratepayers. Status: Chapter 647, Statutes of 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

350 Humboldt: Grass Roots Climate Action
AARP
California State Association of Electrical Workers
California State Pipe Trades Council
Climate Action California

Coalition of California Utility Employees
Imperial; City of
League of Women Voters of California
Little Hoover Commission
Natural Resources Defense Council (NRDC)
Net-zero California
The Utility Reform Network (TURN)
Union of Concerned Scientists
Western States Council Sheet Metal, Air, Rail and Transportation

Support If Amended

Brightline Defense
California Environmental Voters
Center for Biological Diversity
Center on Race, Poverty, and the Environment
Central Orange County Democratic Club
Citizens Climate Lobby Orange County Central Chapter
Climate Action Campaign
College Democrats At UC Irvine
Democrats of Greater Irvine
Earthjustice
Irvine Valley College Democrats
Leadership Council for Justice and Accountability
Nextgen California
Orange County Climate Voter Guide
Orange County Young Democrats
Sierra Club California
Sunrise Movement Orange County
United Nations Association, Orange County
Women for American Values and Ethics (WAVE)

Oppose

Bay Area Council
Calasian Chamber of Commerce
California African American Chamber of Commerce
California Chamber of Commerce
California Hispanic Chambers of Commerce (CHCC)
California Manufacturers & Technology Association (CMTA)
Data Center Coalition
Pacific Gas and Electric Company
Silicon Valley Leadership Group (SVLG)
Techca
Technet

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