

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

SB 931 (Laird) – As Amended May 14, 2026

SENATE VOTE: 29-10

SUBJECT: Diablo Canyon nuclear powerplant: Community Impacts Mitigation Program

SUMMARY: Provides ratepayer funding from electric utility customers of all load-serving entities across the state for the Essential Services Mitigation Fund to offset unitary tax collections in San Luis Obispo County that fund governmental services. Specifically, **this bill:**

- 1) Requires the California Public Utilities Commission (CPUC) to ensure the continued full funding of the Essential Service Mitigation Fund by the CIMP for the extended operation of the Diablo Canyon Nuclear Power Plant (DCPP), as provided.
- 2) Requires the funding be provided in five equal payments of \$8,333,333 to the Essential Service Mitigation Fund starting in fiscal year 2026–27 and ending in fiscal year 2030–31, with the final payment made before October 31, 2030.
- 3) Requires the County of San Luis Obispo to distribute the annual installments deposited into the Essential Service Mitigation Fund within 30 days of receipt of each deposit, as provided.
- 4) Declares that the statute is to take effect immediately as an urgency statute due to the DCPP currently in extended operation while the Community Impacts Mitigation Program (CIMP) funding, of which the Essential Services Mitigation Fund is a part, ended at the end of 2025.
- 5) Makes legislative findings and declarations as to the necessity of a special statute for the DCPP.

EXISTING LAW:

- 1) Establishes and vests the CPUC with regulatory jurisdiction over public utilities, including electrical corporations. (Article 12 of the California Constitution)
- 2) Authorizes the CPUC to fix rates, establish rules, examine records, issue subpoenas, administer oaths, take testimony, punish for contempt, and prescribe a uniform system of accounts for all public utilities, including electrical and gas corporations, subject to its jurisdiction. (Article 12, § 6 of the California Constitution)
- 3) Requires that all charges demanded or received by any public utility for any product, commodity, or service be just and reasonable, and that every unjust or unreasonable charge is unlawful. (Public Utilities Code § 451)
- 4) Authorizes the collection of funds, on a nonbypassable basis, required for site restoration when an electrical corporation's nuclear powerplant is removed from service. (Public Utilities Code § 379)

- 5) Requires the CPUC to approve full funding for the CIMP set forth in a settlement between the Pacific Gas and Electric Company (PG&E) and various entities, including public entities in the County of San Luis Obispo, to mitigate the impacts caused by the decommissioning of the DCPP proposed by PG&E. Pursuant to existing law, the CPUC issued a decision authorizing the recovery of the costs of the CIMP through the nuclear decommissioning nonbypassable charge. (Public Utilities Code § 712.7)
- 6) Requires the CPUC to direct and authorize the extended operation of the DCPP until October 31, 2030. (Public Utilities Code § 712.8)
- 7) Requires the CPUC to authorize PG&E to recover in rates a volumetric payment equal to \$6.50 (2022 dollars) for each megawatthour generated by the DCPP during the period of extended operations beyond the current expiration dates. This is known as the Volumetric Performance Fee (VPF). Requires the VPF to be borne by customers of all load-serving entities, with an additional \$6.50 (2022 dollars) to be borne by PG&E customers. This amount shall be adjusted annually. (Public Utilities Code § 712.8 (f)(5))
- 8) Specifies PG&E must annually submit to the CPUC for review an expenditure plan for the VPF, and prohibits shareholders from being paid by the VPF or earning a rate of return on any VPF expenditures. Additionally specifies the VPF shall be spent to accelerate or increase spending on critical public purpose priorities, to the extent it is not needed for DCPP. These priorities include: customer and generator interconnections; bringing renewable and zero-carbon energy online; building decarbonization; workforce and customer safety; communications and education; and increasing resiliency and reducing operational and system risk. (Public Utilities Code § 712.8 (s))

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill will result in unknown, possibly hundreds of thousands of dollars annually for the CPUC to implement. As well as unknown costs to the state as an electric utility ratepayer due to the millions of dollars of additional costs to electric ratepayers this bill would levy.

BACKGROUND:

Diablo Canyon Nuclear Powerplant – PG&E’s DCPP is California’s only operational nuclear plant. PG&E has operated DCPP, a two-unit, 2,240 megawatt (MW) nuclear power plant since 1985. The facility sits on approximately 900 acres adjacent to the Pacific Ocean between Avila Beach and Montaña de Oro State Park in San Luis Obispo County. The plant produces approximately 10% of California’s energy generation and about 20% of PG&E’s overall electricity. The DCPP is a major contributor to the economy of San Luis Obispo County and northern Santa Barbara County. According to San Luis Obispo County, PG&E is both the largest taxpayer and largest private employer in the county. DCPP employs roughly 1,500 employees who help operate the facility. DCPP historically generates millions in property tax revenue, which mainly benefits local schools. A study, commissioned by PG&E, of the economic benefits of DCPP concluded that operation of DCPP in 2011 contributed, directly and indirectly, over \$900 million to the local economy, including many of the region’s high-paying, year-round jobs.

In April 2026, DCPD was issued an extended license to operate by the federal Nuclear Regulatory Commission (NRC) for 20 years, extending Unit 1 to 2044 and Unit 2 to 2045.¹ California statute currently caps operations at 2029 for Unit 1 and 2030 for Unit 2. It would take an act of the Legislature to extend it. In addition to these requirements, DCPD is subject to lease requirements from the State Lands Commission, due to the location of the DCPD on state tideland, and additional state permitting.

The Decommissioning Years (2016-2022) – Ten years prior to DCPD receiving a 20-year license extension from NRC, in June 2016, PG&E announced a Joint Proposal alongside labor and environmental groups committing to close Diablo Canyon by 2025 (technically, in 2024 for Unit 1 and 2025 for Unit 2) in favor of increased investment in renewables, energy efficiency, and storage.² The proposal, later expanded to include San Luis Obispo County and local municipalities, sought over \$1 billion in ratepayer funds to cover replacement power, employee retention, retraining, and \$85 million in community impact mitigation.

In the fall of 2017, the CPUC voted to approve the retirement of DCPD, including approval for some of the elements of the Joint Proposal. Specifically, the CPUC approved \$222.6 million in rate recovery for costs associated with the employee retention (\$211.3 million) and retraining (\$11.3 million). The CPUC also approved \$18.6 million for license renewal activities. However, the CPUC denied elements of the Joint Proposal, including \$85 million for the CIMP stating that the use of ratepayer funds for those activities is not legally allowable. In denying the CIMP, the CPUC stated that it could not legally authorize the use of ratepayer funds for non-utility-related activities, such as funding schools. Instead, the CPUC stated that the parties would need authorization from the Legislature to use ratepayer funds for these purposes or, alternatively, PG&E shareholders could also fund these efforts. The CPUC decision also commented on the lack of fairness for a significant portion of the CIMP distribution, especially the \$10 million to the school district for a foundation of their choice. The CPUC decision stated that the “amount and allocation of payments appear to have more to do with PG&E’s litigation needs than the economic needs of the community.”

The Legislature stepped in with SB 1090 (Monning, Chapter 561, Statutes of 2018) to direct the CPUC to fund the denied elements with ratepayer dollars, with proponents arguing that San Luis Obispo County residents had long borne the risks of the plant and deserved compensation. Together, the Joint Proposal and the subsequent regulatory and legislative process formalized PG&E's path toward decommissioning.

The Community Impacts Mitigation Program (CIMP) – The following summarizes the CIMP funding collected from electric utility customers and its allocation to local governments, schools, and the San Luis Coastal Education Foundation as approved with SB 1090 to help San Luis Obispo County adjust to the loss of tax collection from the pending closure of DCPD:

¹ PG&E Press, “U.S. Nuclear Regulatory Commission Approves License Renewal Application for Extended Operations of Diablo Canyon,” April 2, 2026; <https://investor.pgecorp.com/news-events/press-releases/press-release-details/2026/U-S--Nuclear-Regulatory-Commission-Approves-License-Renewal-Application-for-Extended-Operations-of-Diablo-Canyon/default.aspx>

² Application 16-08-006

- \$10 million – **Economic Development Fund**
 - \$3.84 million – San Luis Obispo County sole use
 - \$1.7 million – Economic Development
 - \$1.0 million – Housing revolving funds
 - \$948,000 – Infrastructure
 - \$192,000 – City of Grover Beach
 - \$400,000 – Regional Economic Funds
 - \$5.76 million – Coalition of Cities (all incorporated cities in the county excluding Grover Beach)

- \$75 million – **Essential Services Mitigation Fund**
 - \$27.9 million – San Luis Obispo County total
 - \$12.1 million – General Fund Mitigation
 - \$5.4 million – Housing
 - \$4.5 million – Safety
 - \$4.1 million – Infrastructure
 - \$1.9 million – Economic Development
 - \$47.1 million – 70+ governmental entities including cities and school district
 - \$36.8 million to the San Luis Coastal Unified School District (per the settlement agreement submitted to the CPUC)
 - \$10 million to the San Luis Coastal Unified School District for an educational foundation of their choice (per the settlement agreement submitted to the CPUC). Provided to San Luis Coastal Education Foundation, a nonprofit (per news reports, the funding was used to establish an endowment).

SB 846 (Dodd, Chapter 239, Statutes of 2022) and the Extension Years (2025-2030) – In September 2022, Governor Newsom signed SB 846 (Dodd, Chapter 239, Statutes of 2022) halting the decommissioning 2 years prior to closure and authorizing a 5-year extension of DCPD's operating life to 2029 for Unit 1 and 2030 for Unit 2. The legislation was driven in part by grid reliability concerns raised by the state energy agencies, who warned that the state could face electricity shortfalls during extreme heat events as it transitioned to greater reliance on renewables. SB 846 authorized a state General Fund loan to PG&E (initially \$600 million but with the intent to fund up to \$1.4 billion) and directed the utility to apply for federal funding through the U.S. Department of Energy's Civil Nuclear Credit Program. The federal government subsequently awarded up to \$1.1 billion to support the extension.³ The bill framed the extension as a temporary bridge measure to reduce fossil fuel dependence while additional renewable capacity comes online.

Beyond authorizing the extension and state loan, SB 846 also invalidated the CPUC's 2018 decommissioning decision and directed the CPUC to reopen PG&E's retirement application in order to implement the extension. SB 846 explicitly authorized ratepayer funding for operations during the extension period (2025–2030), structured through a combination of volumetric charges, a \$100 million annual fixed management fee, and a \$300 million replacement power reserve fund — while prohibiting those charges from being used to repay the General Fund loan or generate shareholder profit. The bill exempted DCPD from California Environmental Quality Act review and categorized the site as an “existing facility;” waived the State Water Board's

³ <https://www.gov.ca.gov/2022/11/21/governor-newsom-statement-on-federal-funding-for-diablo-canyon-extension/>

once-through-cooling requirements; expedited state agency review of extension-related permits to 180 days; and codified the Independent Safety Committee for Diablo Canyon. It also excluded DCPD from future integrated resource planning and from counting toward the state's SB 100 (De León, Chapter 312, Statutes of 2018) clean energy goals, required PG&E to conduct a seismic assessment and deferred maintenance study, directed the CPUC to determine future disposition of DCPD property in consultation with tribes and local communities, and included a promissory \$1 billion in future General Fund dollars for a Clean Energy Reliability Investment Plan to accelerate renewable deployment as a longer-term replacement for DCPD. Absent from SB 846 was any extension of the CIMP.

Since 2022, the CPUC has issued a series of decisions implementing SB 846, including authorizing the extension terms and providing continued employee retention funding. PG&E submitted its NRC license renewal application in November 2023,⁴ and the Central Coast Regional Water Quality Control Board issued the final required state permits in February 2026,⁵ clearing the path for NRC action. As noted above, the NRC subsequently renewed the operating licenses for Unit 1 through 2044 and Unit 2 through 2045, 15 years beyond what the Legislature authorized. However, under SB 846, state law caps operations at 2030 regardless of the federal license term, meaning any further extension would require separate legislative authorization.

COMMENTS:

- 1) *Author's Statement.* According to the author, "Senate Bill 931 extends the Essential Services Mitigation Fund through the end of 2030. When the state extended operations at the Diablo Canyon Power Plant through 2030, it did not extend the community funding program established to offset local impacts. Communities in San Luis Obispo County have relied on community funding for decades to support essential public services, including fire protection, public safety response, and local schools until Diablo Canyon's planned closure. SB 931 ensures that communities surrounding Diablo Canyon are not left carrying the financial burden of supporting critical public services tied to the plant's continued operation."
- 2) *Purpose of Bill.* This bill would require electric ratepayers to fund over \$40 million in five annual payments of \$8,333,333 for the Essential Service Mitigation Fund, beginning in fiscal year 2026–27 and concluding with a final payment before October 31, 2030. San Luis Obispo County would be required to allocate the funding according to specified factors, including past allocation history and weighted unitary factors.

Supporters of the bill contend that when SB 846 (Dodd, Chapter 239, Statutes of 2022) extended DCPD operations through 2030, the CIMP funding that had offset local impacts was not correspondingly extended. Local governments in the region have relied on CIMP funding to support essential public services — including fire protection, public safety, and schools — and supporters argue the funding should continue through the plant's extension period.

⁴ <https://www.federalregister.gov/documents/2026/03/11/2026-04777/pacific-gas-and-electric-company-diablo-canyon-nuclear-power-plant-units-1-and-2-exemption>

⁵ https://www.waterboards.ca.gov/press_room/press_releases/2026/pr20260226-diablo-canyon-permit-adoption.html

- 3) *Reconsidering Ratepayers Covering More of the Cost.* This bill requires ratepayers across the entire state to fund local government services in San Luis Obispo County, at about \$40 million over five years. While the CIMP was not extended during the DCPD extension period, it is not as if the plant has generated zero revenue for the county during this time. According to the state Board of Equalization, the county and its cities have continued to receive unitary tax revenue from DCPD operations, though collections have declined over time as the plant's assessed value has depreciated and decommissioning approaches. (Down to about \$1 billion in 2025 from about \$2.5 billion in unitary tax collections in 2018.)

This bill is at least the third time San Luis Obispo County has sought ratepayer funding to offset actual or anticipated changes to DCPD-related tax revenues. Prior to SB 1090, in the late 1990s, the county and San Luis Coastal Unified School District sought protection against potential property tax declines following electric market restructuring under AB 1890 (Brulte, Chapter 854, Statutes of 1996). At that time, the CPUC expressed reluctance to require ratepayers to fund local government services – activities it viewed as appropriately supported by taxpayers, not utility customers – and concluded that legislative authorization would be required for any such action. The Legislature subsequently authorized \$10 million in ratepayer funds through Chapter 282, Statutes of 1997.⁶

The question before the Legislature now is the same one raised during consideration of SB 1090 (Monning, Chapter 561, Statutes of 2018): whether electric ratepayers – including customers of all load-serving entities statewide – should bear the cost of local government services in San Luis Obispo County. The original CIMP was designed to help local governments adjust to the loss of unitary tax revenue upon DCPD's closure. However, SB 846 extended plant operations for five years without extending the CIMP, prior to which time (2023-2024) local governments and schools continued receiving both unitary tax collections and the ratepayer-funded CIMP simultaneously, even though the plant was no longer decommissioning.

- 4) *Need for Amendments – the VPF.* The CIMP was authorized in the context of plant closure, not continued operation. With unitary taxes still flowing, albeit modestly, and SB 846 having provided substantial financial incentives to PG&E for the extension, the Utility Reform Network has suggested that any additional community support should be drawn from those SB 846 incentive funds rather than from a new charge on electric utility customers as proposed by this bill. Further complicating the rationale for this bill, DCPD's operation beyond 2030 is not guaranteed. Any extension past the current statutory deadline would require additional legislative action, and that outcome remains uncertain. Requiring ratepayers statewide to fund a community mitigation program premised on decommissioning impacts, when decommissioning has been repeatedly deferred and may be deferred again, raises legitimate questions about whether this is an appropriate use of ratepayer funds.

As noted above, SB 846 (Dodd, Chapter 239, Statutes of 2022) requires the CPUC to authorize PG&E to recover in rates a volumetric payment equal to \$6.50 (2022 dollars)

⁶ Pg. 41, CPUC *Decision Approving Retirement of Diablo Canyon Nuclear Power Plant*, A.16-08-006; <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M205/K093/205093359.PDF>

for each megawatthour generated by the DCPD during the period of extended operations (2024-2030). This is known as the Volumetric Performance Fee (VPF). Statute also requires the VPF to be borne by customers of all load-serving entities, with an additional \$6.50 (2022 dollars) to be borne by PG&E customers; and specifies that this amount shall be adjusted annually.⁷ PG&E must annually submit to the CPUC for review an expenditure plan for the VPF. PG&E is prohibited from spending VPF monies on shareholders or from earning a rate of return on any VPF expenditures. Additionally, statute specifies VPF spending as limited to projects that accelerate or increase spending on critical public purpose priorities, to the extent the VPF is not needed for DCPD. These priorities include customer and generator interconnections; bringing renewable and zero-carbon energy online; building decarbonization; workforce and customer safety; communications and education; and increasing resiliency and reducing operational and system risk.⁸

In 2026 alone, PG&E forecasts collecting approximately \$263 million in VPF revenues: \$190.8 million from PG&E customers, \$59.7 million from Southern California Edison customers, and \$12.9 million from San Diego Gas & Electric customers.⁹ The CPUC approved a spending framework for the VPF in June 2025¹⁰ following a contentious proceeding in which consumer advocates argued the funds amounted to an inadequately supervised slush fund.¹¹ Notably, the statute's six permitted spending categories are broad enough to potentially encompass community impact mitigation, and the CPUC retains authority to shape how PG&E's annual VPF spending plans are structured. With hundreds of millions of dollars flowing annually through the VPF – funds already being collected from ratepayers statewide for the express purpose of supporting Diablo Canyon's continued operation and associated public benefits – there is a more appropriate and already-authorized vehicle for directing community mitigation funding than imposing a new, separate charge on electric utility customers.

The committee therefore recommends striking the current funding structure in the bill and instead requiring PG&E to include the \$8.3 million annual community mitigation funding as part of their application to the CPUC for spending the volumetric performance fee (VPF) authorized under SB 846. The committee recommends this requirement be only for two annual payments, not the full five in the current bill, totaling approximately \$16.6 million from the VPF.

5) *Prior Legislation.*

SB 846 (Dodd) authorized the extension of operating DCPD beyond the expiration dates (of 2024 for Unit 1 and 2025 for Unit 2), to up to five additional years (no later than 2029

⁷ Public Utilities Code § 712.8 (f)(5)

⁸ Public Utilities Code § 712.8 (s)

⁹ Lines 8 & 9 on Table, Pg. 14, Pacific Gas and Electric Company, Application (A.) 25-03-015, *Diablo Canyon Power Plant Extended Operations 2026 Forecast and Cost Recovery Application*, filed March 28, 2025. <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M560/K829/560829330.PDF>

¹⁰ D. 25-06-002 (June 12, 2025), R. 23-01-007, *Implementing Senate Bill 846 Concerning Potential Extension of Diablo Canyon Power Plant Operations*; <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M570/K516/570516954.PDF>

¹¹ Malena Carollo, "PG&E collects a fee to support California's last nuclear plant. Is it a slush fund?" *CalMatters*, June 12, 2025, <https://calmatters.org/economy/2025/06/pge-diablo-canyon-fee/>

and 2030, respectively), under specified conditions. The bill also authorizes a loan of \$1.4 billion from the state general fund to PG&E, the operator of DCPD, to facilitate the extension of the plant. The bill also explicitly authorized collections from electric ratepayers (both customers of PG&E and those of other electricity providers) for ongoing costs. Status: Chapter 239, Statutes of 2022.

SB 1090 (Monning) required the CPUC to approve collection of ratepayer funds for previously denied elements of a PG&E application related to the retirement of the DCPD. Specifically, the bill required ratepayers to fund an augmentation to an employee retention program and funds for the local school district, cities, and county. Status: Chapter 561, Statutes of 2018.

REGISTERED SUPPORT / OPPOSITION:**Support**

County of San Luis Obispo
San Luis Coastal Parent Information Network (SLC-PIN)
San Luis Coastal Unified School District
SEIU California

Oppose

Fission Transition INC.

Oppose Unless Amended

The Utility Reform Network (TURN)

Analysis Prepared by: Laura Shybut / U. & E. / (916) 319-2083