

California State Assembly



Informational Hearing Agenda

Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, April 9, 2025
9:30 A.M. – State Capitol, Room 447

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Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subchair or request a presentation by the Administration at the discretion of the Subchair. Members of the public are encouraged to provide public comment on these items at the designated time.

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Items To Be Heard

Various

Issue 1: Climate Bond (Proposition 4) Expenditure Plan

The Governor's Budget requests to appropriate \$527.5 million of the total \$850 million in the Clean Air and Energy Chapter of the Climate Bond (Proposition 4, 2024). This includes \$275 million in 2025-26, \$229 million in 2026-27, and \$24 million in out years. This leaves \$323 million unappropriated.

Additionally, the Governor's Budget proposes to:

- Cut \$50 million from the Clean Energy Reliability Investment Plan (CERIP) via the Greenhouse Gas Reduction Fund and backfill it with funding from the Climate Bond.
- Shift \$18 million from a prior year General Fund appropriation to the Demand Side Grid Support program to Greenhouse Gas Reduction Fund in 2025-26.
- Transfer \$32 million of this "freed up" Greenhouse Gas Reduction Fund to the Motor Vehicle Account.

The climate bond appropriations include:

- 1) \$52.5 million to the California Energy Commission (CEC) for the Demand Side Grid Support (DSGS) program from section 94530. This program offers incentives to electric customers to provide load reduction and backup generation to support the state's electrical grid during extreme events. The funding requested includes \$47 million in 2025-26, \$500,000 in 2026-27, and \$5 million in out years. This results in \$48 million for projects and \$2.5 million for staffing.
- 2) \$471 million to the California Energy Commission for the Development of Offshore Wind Generation from Section 94540, with \$228 million in 2025-26, \$228 million in 2026-27, and \$15 million in out years. This results in \$451 million for projects and \$20 million for staffing (\$2.5 million a year over 8 years).
- 3) \$4 million in out years for Public Financing of Clean Energy Transmission Projects, from Section 94520(a). This allocation has no department associated with it and the Governor's proposal would leave \$323 million unappropriated from this section. AB 3264 (Petrie-Norris, Chapter 762, 2024) directs the California Public Utilities Commission, in consultation with the California Energy Commission, the California Infrastructure and Economic Development Bank, and California Independent System Operator, to prepare a study identifying findings and proposals to reduce the cost to ratepayers of expanding the state's electrical transmission grid as necessary to achieve the state's goals. This

study, required by July 1, 2025, will inform the use of funds allocated for the public financing of clean energy transmission projects.

Panel

This panel will feature representatives from the California Energy Commission, the Department of Finance, and the Legislative Analyst's Office.

LAO Comments

The Legislative Analysts' Office (LAO) prepared the following recommendations for the Legislature:

Governor Proposes Appropriating About One-Third of Energy Funding in 2025-26. Proposition 4 includes a total of \$850 million for activities related to clean energy. As shown in Figure 10, the Governor proposes to appropriate roughly one-third of this total—\$275 million—to the California Energy Commission (CEC) in 2025-26. Most of the funding proposed for 2025-26—\$228 million—would support port infrastructure needed for the development of wind turbines off the California coast. (The administration's plan would allocate essentially all the remaining funding for offshore wind in 2026-27.) The rest of the 2025-26 proposed funding—\$47 million—would go to the Demand Side Grid Support (DSGS) Program, which supports load reduction and backup generation efforts to increase electric grid reliability during extreme weather events. The Governor's implementation plan does not yet include a timeline for appropriating the \$325 million reserved for public financing of electricity transmission infrastructure.

Figure 10 **Governor's Proposition 4 Proposal: Clean Energy** (In Millions)

Purpose	Code Section	Implementing Department	Bond Total	2025-26 Proposed	
				Amount	Percent of Bond Total ^a
Public financing of transmission projects	94520	TBD	\$325	—	—
Demand Side Grid Support Program ^b	94530	CEC	50	\$47	93%
Development of offshore wind generation	94540	CEC	475	228	48
Totals			\$850	\$275	32%
^a Percent of total available funding after accounting for estimated statewide bond costs (which the Governor estimates at less than 1 percent).					
^b Under Proposition 4, funding can be used for the Long-Duration Energy Storage Program, zero-emissions distributed energy backup assets, virtual power plants, and/or demand side grid support. The Governor proposes to use all of this funding for CEC's Demand Side Grid Support Program.					
TBD = to be determined and CEC = California Energy Commission.					

Proposes Fund Shifts and Specific Allocation Related to the Clean Energy Reliability Investment Plan (CERIP). The Legislature established CERIP through Chapter 239 of 2022 (SB 846, Dodd) to support various activities aimed at helping the state reach its clean energy goals. Chapter 239 stated an intention to provide a total of \$1 billion over multiple years for implementing CERIP, but deferred decisions on which specific activities would be funded, and when, to future budget deliberations. The 2024-25 budget agreement made some revisions to the planned schedule and fund sources for CERIP implementation, including intent to provide \$50 million from GGRF for to-be-determined activities in 2025-26. The Governor's budget includes three CERIP-related proposals in 2025-26: (1) allocates the planned \$50 million CERIP funding specifically for DSGS; (2) shifts \$18 million in 2024-25 DSGS funding from the General Fund to Proposition 4; and (3) shifts \$32 million of the planned 2025-26 CERIP funding (now specified to be used for DSGS) from GGRF to Proposition 4.

Offshore Wind Program Still Under Development, Raising Questions About Pressing Need for Funding. The Governor is requesting that essentially all of the funding Proposition 4 contains for offshore wind activities be appropriated in 2025-26 and 2026-27. However, this program is new and the administration still is in the early stages of setting it up. Specifically, CEC currently is in the process of launching a grant program—the Offshore Wind Waterfront Facility Improvement Grant Program (OWWFIGP) authorized by Chapter 251 of 2022 (AB 209, Committee on Budget) and funded with \$45 million General Fund in the energy package adopted in the 2022-23 budget. The deadline for applications for OWWFIGP, which supports planning and design activities for offshore wind-related port improvements, was December 2024 and awards have not yet been announced. CEC anticipates this process and program will inform the expenditure of the offshore wind funding provided by Proposition 4.

CEC indicates that it expects to undertake a public process to solicit input on program design and priority setting for the Proposition 4 offshore wind funding prior to publishing draft grant guidelines for the program, a process that has not yet commenced. As the process of implementing OWWFIGP and setting up the new Proposition 4 offshore wind program will take time, CEC reports that the earliest it anticipates Proposition 4 awards could be made is December 2026 (for the 2025-26 proposed funding) and December 2027 (for the 2026-27 proposed funding). This timeline raises questions about the necessity of committing all the funding for offshore wind through a 2025-26 appropriation and multi-year spending plan now. Moreover, recent actions have created some uncertainty around the role the federal government will play in wind development off California's coast. For example, a January 20, 2025 presidential executive order directed a review of legal bases for removing existing offshore wind leases. In light of these considerations, waiting until a future year to both provide initial amounts from Proposition 4 and set a plan for future appropriations could have a few advantages. Specifically, it could allow the Legislature the benefit of additional time to: (1) learn from the implementation of OWWFIGP; (2) gather additional information on the administration's developing plans for the Proposition 4 offshore wind funds; and (3) get more information on the potential implications of recent federal actions and their potential impacts on the state's offshore wind plans.

Legislature May Want to Consider if DSGS Proposal Is Consistent With Its Intent. As described above, the Governor's proposal includes both fund shifts and a specific allocation related to CERIP and the DSGS program. These proposals raise two key questions for the

Legislature. The first is whether this dedication of CERIP funds to DSGS is consistent with its priorities, or whether it wants to use that planned funding for a different clean energy-related activity. Second, the Legislature faces the considerations we discussed in the initial section of this report about the trade-offs associated with the proposed fund shifts—specifically, that \$50 million of Proposition 4 would not be available to expand upon previously planned clean energy activities but the approach would free up General Fund and GGRF to be used for other purposes.

Legislature Could Use Coming Year to Refine Its Own Priorities for Transmission Funding. The Governor’s implementation plan does not yet include a timeline for appropriating the \$325 million Proposition 4 dedicates to public financing of electricity transmission infrastructure. The administration indicates that such a plan will be forthcoming sometime after the release of a report on electricity transmission that is required to be completed by July 2025, pursuant to Chapter 762 of 2024 (AB 3264, Petrie-Norris). Chapter 762 requires this report to provide findings and proposals to reduce the cost to ratepayers of expanding the state’s electrical transmission grid, as necessary, to achieve the state’s climate goals.

In general, we find that the Governor’s approach of waiting to allocate funding for electricity transmission until decisions can be informed by the forthcoming study, makes sense. The Legislature could use this additional time to further develop and refine its own priorities for the use of these Proposition 4 funds, such as related to wildfire mitigation, offsetting ratepayer costs, and/or supporting the state’s environmental goals. Additionally, the Legislature could consider how it would like Proposition 4 funding to complement other available funding for transmission improvements, such as an August 2024 federal Grid Resilience and Innovation Partnerships 2 grant award of roughly \$600 million (which is anticipated to be matched by about \$900 million, mostly from utility ratepayers). To the extent the Legislature develops a clear idea of its priorities for Proposition 4 transmission funding, it could communicate them to the administration—either informally or formally through mechanisms such as budget bill language—for inclusion in the administration’s future proposal(s).

Staff Comments

Staff notes regarding the LAO comments on the offshore wind funding that CEC awarded the \$45 million from prior year appropriations on March 7, 2025.

Staff also notes that the proposed funding plan over and under appropriates roughly \$2 to \$4 million between programs that differ from the authorization in the bond. This includes:

- Over appropriates almost \$2.5 million to the Demand Side Grid Support program.
- Under appropriates \$4 million from the Offshore wind section.
- Over appropriates \$2 million to the public financing section.

Staff believes that appropriating the full \$50 million to the Demand Side Grid Support program and delaying the funding for the transmission financing until the report is complete is appropriate. Staff notes that this subcommittee should request clear deadlines of when that report will be submitted, consistent with the statutory deadline of July 1, 2025. Staff notes the staffing resources for the bill are found in item 9.

Staff notes that previously, the IBank had \$250 million to establish a revolving loan fund for transmission projects and other clean energy projects. This funding was prioritized for transmission to connect geothermal energy from the Salton Sea with the California Independent System Operator. This funding was eliminated in last year's budget; however, the IBank had begun discussions with a private developer. Members of the Subcommittee may want to opine on if they would like to appropriate the transmission financing funds to the IBank, given their initial work, or prioritize funds to the Salton Sea.

Members of the Subcommittee may wish to ask the following questions:

- When will the CPUC start the study, solicit public comment, and complete the study, required under AB 3264 (Petrie-Norris, 2024), regarding public financing of transmission that is due on July 1, 2025?
- Why did the administration choose to use all of the funding for Section 94530 for the Demand Side Grid Support program instead of for the Long Duration Energy Storage program, or for the Distributed Energy Backup Assets program?

Members of the Subcommittee may wish to opine on the following:

- What department should the transmission financing be appropriated to and should funding be appropriated this year? Should the Legislature adopt the \$4 million in out year spending for this program absent these decisions?
- Should the \$50 million for Section 94530 solely be appropriated to the Demand Side Grid Support program, or would members like to direct any funding to the Distributed Energy Backup Assets program or to the Long Duration Energy Storage program?

Staff Recommendation: Hold open.

Issue 2: Energy Package Implementation Update

The past few budgets adopted a \$5.5 billion multiyear energy package. \$4.5 billion has already been appropriated and \$441 million is keyed for appropriation in 2025-26, \$281 million in 2026-27, and \$193 million in 2027-28. This funding represents 69 percent of the funding that was originally adopted in 2021-22 and 2022-23. This includes the following programs:

		1,685	1,623	1,129	137	441	281	193	5,490	69.27%
Dept.	Program	21-22	22-23	23-24	24-25	25-26	26-27	27-28	Total	Retained
Var.	AB 525 Implementation	-	4	-	-	-	-	-	4	100%
CSD	California Arrearage Payment Program	-	637.9	-	-	-	-	-	637.9	53%
CPUC	Capacity Building Grants	-	-	-	-	-	-	-	-	0%
CEC	Carbon Removal Innovation	-	1	20	-	-	-	-	21	21%
CEC	Demand Side Grid Support	33.5	-	-	75	75	-	-	183.5	62%
CEC	Distributed Electricity Backup Assets	152	-	-	-	200	180	-	532	76%
DWR	Imports	-	-	100	-	-	-	-	100	100%
CPUC	Distributed Energy Workload	-	1	1	1	1	1	-	5	100%
CEC	DOE Grid Resilience Match	-	5	-	-	-	-	-	5	100%
CEC	Energy Data Infrastructure & Analysis	-	0.9	-	-	-	-	-	0.9	18%
CEC	Energy Modeling to Support California's Energy Transition	-	7	-	-	-	-	-	7	100%
CEC	Equitable Building Decarbonization	-	62	345.5	25	-	-	93	525.5	57%
CARB	Equitable Building Decarbonization - Accelerating Adoption of low-GWP refrigerants	-	20	20	-	-	-	-	40	100%
CPUC	Equitable Building Decarbonization - TECH Initiative	-	50	95	-	-	-	-	145	100%
CEC	Food Production Investment Program	-	6.2	20	-	-	-	-	26.2	35%

CEC	Hydrogen Grants	-	1	5	-	34	-	-	40	40%
GO-Biz	Hydrogen Hub	-	5	-	-	-	-	-	5	100%
CEC	Incentives for Long Duration Storage	-	34.1	213	-	26	-	-	273.1	72%
CEC	Industrial Decarbonization	-	40	-	-	-	-	-	40	40%
DWR	Investments in Strategic Reliability Assets	1,500	700	20	20	75	-	-	2,315	98%
Var.	Offshore Wind	-	45	-	16	-	-	-	61	136%
DWR	Oroville Pump Storage	-	-	10	-	30	100	100	240	100%
CPUC	Residential Solar & Storage	-	-	280	-	-	-	-	280	31%
DWR	Support for Reliability	-	3	-	-	-	-	-	3	100%
IBank	Transmission Financing	-	-	-	-	-	-	-	-	0%

Additionally, \$1 billion was agreed to for the Clean Energy Reliability Investment Plan (CERIP) from SB 846 (Dodd, 2022), with \$100 million in prior year appropriations. This funding included:

	Admin. Dept.	Fund Source	Pre-2025	2025-26	2026-27	2027-28	2028-29	Total
Clean Energy Reliability Investment Plan (CERIP)								
2024 Budget Plan								
DWR Central Procurement	DWR	GF	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ 32
Permitting and interconnection	GO-Biz	GF	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ 11
Transmission planning/support	CEC	GF	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 5
Demand Side Grid Support	CEC	GF	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ 19
Community Solar	CPUC	GF	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ 33
Unallocated	Various	GGRF	\$ -	\$ 50	\$ 150	\$ 50	\$ 650	\$ 900
Total:			\$ 100	\$ 50	\$ 150	\$ 50	\$ 650	\$ 1,000

Additionally, in 2024, the Legislature approved \$50 million more for the Community Solar program at the CPUC, with \$25 million in 2025-26 and \$25 million in 2028-29. These funds are from the Greenhouse Gas Reduction Fund. The multiyear total is \$88 million; the state received a \$250 million federal grant as well.

Below is a program description of some of the larger programs:

CEC

Offshore Wind. This grant program supports three categories of infrastructure improvements: Category I activities support developing individual or regional retrofit concepts and investment plans. Category II activities support final design, engineering, environmental studies and review,

and construction of retrofits. Category III activities include cost share funding to an eligible applicant that receives a federal award for purposes consistent with Category I or Category II activities. Additionally, funding may be allocated to activities related to preliminary engineering and environmental review work, including taking actions and preparing material to comply with the California Environmental Quality Act (Division 13 [commencing with Section 21000]) or federal environmental laws.

Incentives for Long Duration Storage (LDES) funds demonstration and deployment of non-lithium-ion long duration energy storage technologies.

Industrial Decarbonization funds industrial sector work to enhance electrical grid reliability, electrify processes that use fossil fuels, incorporate energy storage or renewable resources, increase energy efficiency, and develop and deploy novel decarbonization technologies and strategies. The funding was prioritized for projects with federal awards.

Food Production Investment Program (FPIP). The same as industrial decarbonization, but solely for Food Processors.

Hydrogen Grants provides financial incentives to eligible in-state projects for the demonstration or scale-up of the production, processing, delivery, storage, or end use of clean hydrogen.

Equitable Building Decarbonization (EBD) has three components: (1) Statewide Direct Install Program that provides no cost energy efficiency and electrification retrofits for low-income households in California; (2) Statewide Incentive Program that provides loan loss reserve and interest rate buy downs to reduce the cost of loans for home energy retrofits that improve efficiency and reduce GHG emissions; (3) Tribal Direct Install Program that serves residential buildings owned or managed by a California Native American tribe, tribal organization, or tribal member.

Distributed Electricity Backup Assets (DEBA) incentivizes the construction of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events.

Demand Side Grid Support (DSGS) offers incentives to electric customers that provide load reduction and backup generation to support the state's electrical grid during extreme events, reducing the risk of blackouts.

Carbon Removal Innovation provides financial incentives with the goal of advance technologies for direct air capture of atmospheric carbon in California.

CPUC

Residential Solar and Storage (SGIP) provides rebates for low income Californians to install solar and battery storage technologies at their homes.

Equitable Building Decarbonization - TECH Initiative offers incentives, pilot activities, technical assistance, and training to address barriers associated with clean space and water heating technologies across California homes.

Community Solar. Disadvantaged Community Green Tariff Program (DAC-GT), which is a community solar program that allows low-income customers living in disadvantaged communities to subscribe to a pool of solar projects and receive a guaranteed 20 percent electricity bill subsidy.

DWR

Oroville Pump Storage builds a temperature management project to address temperature issues at the Oroville complex to enable the state to restore pump back operations to use the 925 megawatt (MW) generating facility and 480 MW pumping capacity to its full potential, serving as a very much needed long duration energy storage facility to support the electric grid's reliability needs. The temperature control system ensures temperatures and flows are maintained for spawning salmon.

Investments in Strategic Reliability Assets provides funding to secure additional resources to address extreme events above and beyond traditional resource planning and procurement, such as the Resource Adequacy program. DWR's Electricity Supply Strategic Reliability Reserve Program (ESSRRP) can contract for and/or construct new supply-side assets, extend the operating life of resources planned for retirement, and reimburse the above-market cost for imports beyond Resource Adequacy requirements. This has included extending three natural gas power plants (Alamitos, Huntington Beach, Ormond Beach), a cogeneration plant at California State University Channel Islands, and procuring diesel and natural gas generators.

Central Procurement procure up to 10.6 gigawatts (GW) of nameplate capacity from long lead time emerging technologies, including: up to 7.6 GW of offshore wind; up to 1 GW of geothermal; up to 1 GW of multi-day long-duration energy storage; and up to 1 GW of long-duration energy storage with at least a 12-hour discharge period.

CSD

California Arrearage Payment Program offered financial assistance for California residential energy utility customers to help reduce past due energy bill balances that increased during the COVID-19 pandemic.

Panel

- This panel will feature representatives from the California Energy Commission, the California Public Utilities Commission, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Members of this subcommittee may wish to opine on if they would like to retain the funding for programs that have not yet been appropriated (2025-26 through 2027-28) and check on the status of funds that have been appropriated.

Members of the Subcommittee may wish to ask:

- Are any of the 2025-26 or future year funds already committed? If so, for what programs, and is all the funding committed for those specific years?

DWR

- What is the status of the Central Procurement Function?
- Since the Oroville Pumped Storage Project construction is not anticipated to start until 2028, is funding needed this fiscal year? Could it be delayed until 2027-28 without impacting the project timeline?
- How do you plan to spend the final \$75 million of the Investments in Strategic Reliability Assets that is planned for this year? Do you have any unspent funds from prior years?

CPUC

- What is the status of the funding for Community Solar? How will these dollars interact with the federal Solar For All award?

Staff Recommendation: Informational, no action necessary.

8660 California Public Utilities Commission

Issue 3: Deaf and Disabled Telecommunications Program Trailer Bill

The Governor's Budget requests statutory language to extend the Deaf and Disabled Telecommunications Program (DDTP) surcharge from January 1, 2025 to December 31, 2034.

The fee is 12 cents per access line per month.

This trailer bill also removes a requirement that the CPUC annually review the fund condition and instead requires them to make recommendations to the Legislature regarding the fund condition.

The language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1202>.

Background: The Deaf and Disabled Telecommunications Program (DDTP), also known as California Connect, is a state-mandated program under the California Public Utilities Commission (CPUC) that provides accessible telecommunications services for individuals with disabilities. DDTP offers specialized equipment, relay services, and Augmentative and Alternative Communication (AAC) programs to support independent and functionally equivalent communication. This program was first codified in 1982. This program was last extended in 2019 by AB 497 (Santiago).

The last annual report can be found here: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/ddtp/ddtp-annual-reports/california-connect-annual-report--20232024--accessible-final-uploaded-onto-cpuc-website.pdf>.

Surcharges: The program's funding continues to be sustained through a dedicated surcharge, which is assessed and collected by telecommunications companies, including VoIP providers. This surcharge is presented on customer bills and applied to intrastate charges on customer bills of all telecommunication service providers.

Beginning April 1, 2023, California moved from six separate surcharges to one flat rate to fund California's six universal service programs, including California Connect.

Panel

This panel will feature representatives from the California Public Utilities Commission, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Staff notes that this is a 2/3 vote.

Staff notes that this program existed prior to 1979 (when it was codified by the Legislature) and was last extended in 2019 (AB 497, Santiago). The 2034 extension date proposed with this trailer bill aligns with the sunset date of California Advanced Services Fund surcharge (which is in the universal flat fee).

Staff also notes that AB 1532 (Committee on Communications and Conveyance, 2025) proposes to extend the sunset until 2031.

Members of this subcommittee may wish to opine on if they would like to remove the sunset entirely and let the program run in perpetuity (or until a future act of the Legislature).

Staff Recommendation: Hold open.

Issue 4: Data Sharing with the Western Energy Coordinating Council and Others Trailer Bill

The Governor's Budget requests statutory language to expand an existing exemption from the Public Records Act between the California Public Utilities Commission and the California Independent System Operator, to three more non-profit public benefit corporations: the Western Electricity Coordinating Council, the North American Electric Reliability Corporation, and the Northwest Power and Conservation Council.

This will allow CPUC to execute non-disclosure agreements with these three entities.

The full language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1203>.

According to the administration:

Summary: The Western Electricity Coordinating Council (WECC) is a non-profit organization responsible for overseeing bulk power system reliability across the Western Interconnection, which includes California and 13 other western states, as well as parts of Canada and Mexico. To effectively plan for California's energy reliability and market stability, the California Public Utilities Commission (CPUC) must obtain critical data from WECC, NPCC, and NERC. However, existing law does not clearly authorize CPUC to execute Non-Disclosure Agreements (NDAs) with these non-profit public benefit corporations, preventing access to essential market-sensitive energy data. A legislative change is needed to allow CPUC to obtain confidential data under appropriate safeguards, mirroring existing law that permits data sharing with California ISO (CAISO).

Problem: There is no clear exemption from the California Public Records Act to enable the sharing of market sensitive and confidential information pertaining to energy reliability, market operations, and energy/transmission costs data with these entities. It is essential for planning in the Western Interconnect for the CPUC to receive data (such as procurement decisions, market pricing or unit level operational data) from other market participants.

Examples of recent data requested from these non-profit public benefit corporations include the WECC transmission planning base case or the Anchor Data Set to help with the recent IRP Preferred System Plan. Minimizing ratepayer cost and protecting ratepayer reliability in both the gas and electric system requires accurate assessments of gas and electric exchanges with surrounding regions. Likewise, economic outcomes and exchanges in the energy markets are often driven by market conditions in surrounding states. For these reasons, California must have access to vital energy planning data from all market participants or planning organizations operating within the surrounding states and Balancing Authorities.

Background: California's energy grid is interconnected with regional markets, requiring coordination with surrounding states and Balancing Authorities. The CPUC relies on confidential energy planning and market data to assess transmission congestion, outages, unit-level operations, and economic market conditions that impact grid reliability and ratepayer costs. However, because WECC, NPCC, and NERC are not classified as government agencies, there

is no Public Records Act exemption allowing confidential data sharing. These entities require NDAs to disclose proprietary information, but CPUC lacks the authority to sign such agreements, creating barriers to effective energy planning.

This Language: Current law allows data sharing with CAISO, another non-profit public benefit corporation, but does not extend this authority to WECC, NPCC, or NERC. This language amends the Public Utilities Code to explicitly authorize CPUC to sign NDAs with the enumerated non-profit public benefit corporations for confidential energy data sharing. The amendment follows existing legal precedent for data sharing with CAISO, ensuring appropriate confidentiality protections remain in place.

CPUC will continue to safeguard confidential information through legal oversight and statutory fund protections, ensuring data use is limited to essential energy planning purposes. Timely action is required to prevent further delays in energy planning efforts and ensure CPUC can respond effectively to market fluctuations, outages, and fuel shortages.

Panel

This panel will feature representatives from the California Public Utilities Commission, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Staff notes that this authority between the CAISO and CPUC was granted in 2022 via a budget trailer bill.

Staff supports the intent of this trailer bill which will allow California to improve energy modeling by increasing data regarding 20-30 percent of energy imports into the state.

Staff recommends amending the language to clarify that the CPUC may receive confidential market data from these three entities, but data the CPUC shares is not confidential.

Staff Recommendation: Hold open.

3860 Department of Water Resources

Issue 5: Electricity Supply Strategic Reliability Reserve Facility Divestiture Trailer Bill

The Governor's Budget requests statutory amendments to clarify that if the Department of Water Resources (DWR) sells their existing fleet of three low emission natural gas generators, totaling 143 megawatts, that those facilities could run outside of energy emergencies declared by the California Independent System Operator. This will allow the Department to sell them at a higher cost and not need to keep them under State ownership which may result in unexpected costs.

The full language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1180>.

Panel

This panel will feature representatives from the Department of Water Resources, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Staff notes that these three existing facilities are located in Turlock, Modesto, and Lodi, which are all publicly owned utilities and only one, Lodi, is in the California Independent System Operator (CAISO).

The administration anticipates profits from the sale of around \$40 million which would return to DWR for procuring new resources for the Strategic Reliability Reserve.

Members of the Subcommittee may wish to ask:

- What cost did the state pay for these resources (capital costs excluding staff and fuel may be most comparable)?
- How does DWR anticipate using the profits for new resources for the Strategic Reliability Reserve with these funds?
- What would the ongoing costs be if the Legislature wanted to keep these three units in the Strategic Reliability Reserve?

Staff Recommendation: Hold open.

3360 California Energy Commission

Issue 6: Grid Resilience and Innovation Partnership 2 (GRIP 2) Federal Authority

The Governor's Budget requests up to \$600,562,000 in budget authority from the Federal Trust Fund to receive federal funds awarded through the Grid Resilience and Innovation Partnership program authorized by the Bipartisan Infrastructure Law of 2021. The CEC is the "prime" recipient for the transmission, interconnection and community benefit programs that will be implemented through the California Harnessing Advanced Reliable Grid Enhancing Technologies for Transmission (CHARGE 2T) program.

Background: During the first half of 2025, the CEC, along with the CHARGE 2T program partners will develop a detailed Project Management Plan covering the 8-year program period once the project budgets and contractual terms and conditions are finalized and approved with the DOE. In addition to the CEC, the CHARGE 2T program members are Pacific Gas and Electric Company, Southern California Edison Company, the California Public Utilities Commission, the California Independent System Operator, and the University of California at Berkeley. CHARGE 2T is a public-private partnership that will allocate a total of more than \$1.5 billion to accelerate large-scale transmission capacity expansion and interconnection process improvements that will accelerate equitable, reliable access to renewable energy across the state. Of the \$1.5 billion, the federal government will provide over \$600 million in federal funding and the roughly \$900 million in required "match-funding" will be provided from authorized utility revenue requirements and other sources.

Overall, the CHARGE 2T project is expected to:

- Upgrade more than 100 miles of transmission lines, increasing transmission capacity by nearly 1,000 megawatts.
- Install sensors on 10 major transmission lines which could increase line capability by more than 40%.
- Install sensors at more than 10 substations to improve reliability.
- Implement a new generator interconnection portal that will increase the transparency and efficiency of the CAISO interconnection process.
- Create more than 300 direct jobs and workforce development opportunities that will train the next generation of energy and utility workers through new energy and engineering curriculum at California colleges and universities.
- Provide direct benefits to disadvantaged communities from approximately 70% of the investments.

Panel

This panel will feature representatives from the California Energy Commission, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Since the time this proposal was developed the federal Department of Energy has increased this award by \$30 million. Staff believes the administration will submit an updated proposal in the May Revise reflecting the increased amount.

Staff Recommendation: Hold open.

Issue 7: Demand Side Grid Support Trailer Bill

The Governor's Budget requests statutory language to expand the eligible fund sources for the Demand Side Grid Support program. This ensures the program retains existing statutory authority regardless of fund source, including an exemption from the Administrative Procedure Act, advanced payment authority up to 25 percent, and exemptions from the State Contracting Manual, the Public Contract Code, or the contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

The language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1199>.

Panel

This panel will feature representatives from the California Energy Commission, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Staff recommends adopting the intent of this trailer bill; however, staff notes that the existing statute references a \$200 million General Fund appropriation that was changed by subsequent Budget Acts and staff recommends code clean up. Additionally, when this program was adopted by the Legislature, the state was facing a drought, a wildfire in Oregon was impacting transmission lines, and thus concerns about energy shortages were elevated. As such, the Legislature granted broad exemptions to existing government transparency laws in order to quickly supply electricity to Californians. Years have passed and the program is now up and running; therefore, staff recommends repealing existing exemptions to government transparency laws for future appropriations, like bond funds.

Members of the Subcommittee may wish to ask:

- Why are exemptions to the following laws still needed for new funds like Proposition 4 now that we are no longer in an emergency and the program has been running for a few years?
 - Administrative Procedure Act;
 - State Contracting Manual;
 - Public Contract Code; and
 - Contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

Staff Recommendation: Hold open.

Non-Presentation Items

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Issue 8: Implementation Support for SB 846 of 2022

The Governor's Budget requests to convert 7 temporary positions to permanent for an ongoing cost of \$1,387,000 to implement SB 846, Chapter 239, Statutes of 2022 as follows:

- California Public Utilities Commission: 5 positions and \$1,068,000 from the Public Utilities Commission Utilities Reimbursement Account.
- California Energy Commission: 2 positions and \$319,000 from the Cost of Implementation Account.

Staff Recommendation: Hold open.

Issue 9: Electrical Transmission Grid Study (AB 3264)

The Governor's Budget requests 4 permanent positions for \$1,033,000 ongoing and \$2 million in contract funds to implement requirements from Chapter 762, Statutes of 2024 (AB 3264) to enhance clean energy initiatives by developing and reporting on a new and complex framework for assessing, tracking, and analyzing total annual energy costs paid by residential households in California, as follows:

- California Public Utilities Commission: ongoing budget authority of \$829,000 for three permanent positions and \$500,000 per year for four years for consulting services from the Public Utilities Commission Utilities Reimbursement Account.
- California Energy Commission: \$204,000 ongoing for one permanent position from the Energy Resources Program Account.

Staff Recommendation: Hold open.

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Issue 10: California Lifeline – State Operations and Local Assistance

The Governor's Budget requests \$442,310,000 for fiscal year 2025-26 from the Universal LifeLine Telephone Service Trust Administrative Committee Fund to provide low-income California households with basic, high quality wireless and wireline services at affordable rates in accordance with the Public Utilities (PU) Code Section 871 et seq.

Staff Recommendation: Hold open pending updated numbers in the May Revision.

Issue 11: California Public Utilities Commission Energy Reports (AB 2462)

The Governor's Budget requests \$50,000 ongoing for commercial price modeling subscriptions and \$400,000 one-time for a consultant from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to implement new work resulting from Chapter 569, Statutes of 2024 (AB 2462).

Staff Recommendation: Hold open.

Issue 12: Implementation Support for AB 14 of 2021

The Governor's Budget requests \$602,000 ongoing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to convert three (3.0) limited term positions to permanent positions to continue to administer and maintain surcharge and user fee revenues consistent with Chapter 658, Statutes of 2021 (AB 14).

Staff Recommendation: Hold open.

Issue 13: Implementation Support for SB 28 of 2021

The Governor's Budget requests \$1,139,000 annually from the Public Utilities Commission Reimbursement Account (PUCRA) to convert four (4.0) limited-term positions to permanent positions, and the addition of one (1.0) new permanent position to implement new complaint and enforcement procedures related to video services consistent with the mandates of Chapter 673, Statutes of 2021 (SB 28).

Staff Recommendation: Hold open.

Issue 14: Implementation Support for SB 4 of 2021

The Governor's Budget requests to convert five (5.0) limited-term positions to permanent positions for \$1,085,000 annually; and \$2.55 million one-time for consultant services with an extended encumbrance and liquidation period from the California Advanced Services Fund (Fund 3141) to continue implementing Chapter 671, Statutes of 2021 (Senate Bill (SB) 4).

Staff Recommendation: Hold open.

Issue 15: Industrial Process Heat Recovery (AB 2109)

The Governor's Budget requests \$222,000 in ongoing budget authority for one (1.0) position from the Public Utilities Commission Utilities Reimbursement Account to implement Chapter 700, Statutes of 2024 (Assembly Bill (AB) 2109) to establish rules regarding the exemption of nonbypassable or departing load surcharges from applying to a reduction in kilowatt-hours of electricity consumption due to industrial heat process technology that meets prescribed requirements. The implementation includes establishing a cap on the exemption applicable to industrial heat process technology and minimizing cost impacts to non-participating customers.

Staff Recommendation: Hold open.

Issue 16: Neighborhood Decarbonization Zones (SB 1221)

The Governor's Budget requests ongoing budget authority of \$1,652,000 for seven (7.0) permanent full-time positions and \$49,000 one-time, \$240,000 over four years, and \$7,000 for training, travel, workshop support, and software licensing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA, Fund 0462) to implement a new neighborhood decarbonization program required under Chapter 602, Statutes of 2024 (Senate Bill 1221) to transition customers from natural gas usage to cleaner forms of energy usage.

Staff Recommendation: Hold open.

Issue 17: Public Advocates Office Administrative Support (AB 2109, AB 2368, and SB 1221)

The Governor's Budget requests an increase of \$925,000 to the Public Utilities Commission Public Advocates Office Account (PUC) and 4.0 positions to meet its statutory obligations under Public Utilities Code (PUC) Section 309.5 resulting from AB 2109, AB 2368, and SB 1221.

Staff Recommendation: Hold open.

Issue 18: Public Utilities Rate of Return (AB 2666)

The Governor's Budget requests ongoing budget authority of \$2,720,000 for twelve (12.0) permanent full-time positions; \$35,000 for one-time equipment and training; \$40,000 per year for two-years for workshop travel; and \$20,000 ongoing for software subscriptions from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to establish guidelines, evaluate rate of return variances, and adjust revenue requirements as appropriate while ensuring sufficient funds for safe and reliable services, in addition to clearly communicating to consumers about the CPUC and utility work in support of implementing this statute and outcomes.

Staff Recommendation: Hold open.

Issue 19: SB 1130 Electricity: Family Electric Rate Assistance program

The Governor's Budget requests \$222,000 in ongoing budget authority from the Public Utilities Commission Utilities Reimbursement Account (PUCURA, Fund 0462) for one senior analyst position to support the implementation of Chapter 457, Statutes of 2024 (SB 1130) and improve the effectiveness of the Family Electric Rate Assistance (FERA) program.

Staff Recommendation: Hold open.

Issue 20: Support for Administrative Law Judge (ALJ) Division

The Governor's Budget requests \$340,000 ongoing for three (3.0) new support staff positions and position authority for two (2.0) existing Senior Legal Typist positions, which are currently blanket positions. The requested positions will support the ALJ Division's timely management and issuance of documents in proceedings and enhance agenda support functions, enhance records filing and maintenance, and enhance the intervenor compensation (IComp) unit.

Staff Recommendation: Hold open.

Issue 21: Support for CPUC Administrative Functions

The Governor's Budget requests \$575,000 in ongoing budget authority for four (4.0) positions, 0.5 position authority to enhance and strengthen the core administrative functions and provide customer service supporting the entire CPUC and \$150,000 ongoing for licensing/data storage from various special funds (Distributed Administration).

Staff Recommendation: Hold open.

Issue 22: System Reliability and Outages (AB 2368)

The Governor's Budget requests \$845,000 in ongoing budget authority for four (4.0) positions from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to implement Chapter 713, Statutes of 2024 (AB 2368) and build on the work to ensure the reliability of electric service in California.

Staff Recommendation: Hold open.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 4 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Shy Forbes.