

California State Assembly



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

Assemblymember Steve Bennett, Chair

Wednesday, April 29, 2026
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

3360 California Energy Commission

8660 California Public Utilities Commission

Issue 1: Authorize Distributed Electricity Backup Assets Program Funding for the Demand Side Grid Support Program and Emergency Load Flexibility Funding Trailer Bills

The Governor's Budget requests two trailer bills:

- 1) Authorize Distributed Electricity Backup Assets Program Funding for the Demand Side Grid Support Program** which allows funding appropriated in the Budget Act of 2021 for the Distributed Electricity Backup Assets Program to also be available to be used for the Demand Side Grid Support Program. It extends the encumbrance period to June 30, 2027. Approximately \$22 million General Fund remains for DEBA and \$30 million (primarily Greenhouse Gas Reduction Fund) remains for DSGS. The Administration proposes to consolidate these funds for the DSGS program for the summer of 2026.
- 2) Emergency Load Flexibility Funding** allows interest revenue from the School Energy Efficiency Stimulus Program Fund (CalSHAPE) shall be returned by the Energy Commission to each electrical corporation in an amount proportional to their share of the state's electrical load and used to reduce ratepayer costs that support the Emergency Load Reduction Program, or an equivalent cost-effective emergency load reduction program established by the Public Utilities Commission on or before December 31, 2026, for use during the summers of 2027 and 2028 to support electrical grid reliability. It requires the Energy Commission and the Public Utilities Commission to work to transition existing electrical corporation customers who participated in the Demand Side Grid Support Program for the summer of 2026 to the Emergency Load Reduction Program, or an equivalent emergency load reduction program established by the Public Utilities Commission. There is roughly \$70 million in interest funds available.

The Emergency Load Flexibility Funding language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1398> and the Authorize Distributed Electricity Backup Assets Program Funding for the Demand Side Grid Support Program language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1397>.

Background

CalSHAPE: Established by AB 841 (Ting, 2020) to allocate unspent energy efficiency dollars from investor owned utilities over a three year period to the Energy Commission to fund school heating, ventilation, and air conditioning and plumbing upgrades and repairs. Under statute, this program sunsets on December 1, 2026, and unspent funds will be returned to the respective investor owned utility accounts. The CEC has awarded approximately \$769 million in grants to 647 LEAs, two California State University campuses, and one community college. This will support 1,114 projects at 4,917 sites (49 percent of all school sites in the state). The CEC froze the program on July 1, 2024. AB 3121 (Petrie-Norris, 2024) and a budget trailer bill in May 2025

proposed to sunset the program earlier and return unspent funds to ratepayers under AB 3121 and the Emergency Load Reduction Program under the trailer bill. Neither were enacted. Currently, the unencumbered funds by IOU are as follows:

IOU	Unencumbered Remaining Funds
PG&E	\$25,200,137.41
SCE	\$69,207,590.66
SCG	\$72,605.47
SDG&E	\$99,756,816.62
Total	\$194,237,150.16

These returns would fund the Emergency Load Reduction Program that is ratepayer funded. If there was no increase to those program budgets, this would result in savings of \$2 per month for one year for San Diego Gas & Electric ratepayers, \$1.25 per month for one year for SoCal Edison ratepayers, and \$0.20 per month for one year for Pacific Gas & Electric ratepayers. Additionally, up to \$23 million of administrative costs for the Energy Commission may remain when the program sunsets.

Distributed Electricity Backup Assets Program (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. This program was created via the Budget in 2022 and is implemented by the Energy Commission. In September 2025, the 2025-26 Budget appropriated \$46.1 million from Prop. 4 to fund new clean microgrids, or new non-residential or aggregated residential distributed clean energy and storage projects.

Demand Side Grid Support (DSGS): a statewide demand response program created via the Budget in 2022. This program adopts annual program changes prior to the summer peak demand season and has resulted in cleaner resource enrollment over time. This program allows aggregation from customers in different utilities, including publicly owned utility territory. Customers are prohibited in enrolling in DSGS and ELRP/similar demand response programs, and the CPUC has veto power over program design. The DSGS Program has four incentive structure options. DSGS providers may limit which incentive structure options are available to their participants. Participants may select a different incentive structure option for each load reduction resource enrolled, as long as each load reduction resource has fully separate metering. All load reductions that would not have occurred in the absence of the DSGS Program, including those that result in negative load at the meter that is, exports, are eligible for incentives.

Emergency Load Reduction Program (ELRP): In 2021, the California Public Utilities Commission (CPUC) created the Emergency Load Reduction Program (ELRP), to pilot a new Demand Response approach to help avoid rotating outages during peak summer electricity usage periods from May thru October. The ELRP started in 2021 with commercial customer participation. In December 2021, the CPUC expanded the program to include residential customers for Summer 2022 and beyond. In December 2023, ELRP was further updated in D.23-12-005. This program is managed by the State’s three large investor-owned utilities (IOUs) - Pacific Gas & Electric, San Diego Gas & Electric, and Southern California Edison. An ELRP event is triggered or called by the IOUs only after declaration of a grid emergency by

the [California Independent System Operator's \(CAISO's\) Energy Emergency Alert \(EEA\) process](#), or a CAISO-issued [Flex Alert](#) in some cases. When an ELRP event is triggered, enrolled customers may choose not to participate and there is no penalty for non-participation, nor is there any requirement to reduce load by a particular amount during the event. Non-residential participants are compensated after-the-fact at a prefixed compensation rate of \$2/kilowatt-hour for every kilowatt-hour of electricity consumption the customer reduces voluntarily during an ELRP event. Residential customers participating in Power Saver Rewards (ELRP A.6) are compensated at a prefixed compensation rate of \$1/kWh for voluntary incremental load reduction. The reduction in consumption during an ELRP event is measured relative to how much energy the customer typically used on other days preceding the event day during hours similar to the event hours. However, the residential program was sunset in 2025.

Panel

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

Staff Comments

The DSGS program has an enrolled capacity of 1,145 megawatts with a program budget of roughly \$109.5 million allocated. Enrollment has increased over time as the program continues to be refined. Funding cuts will likely reduce enrollment. ELRP currently has about 190 megawatt enrollment, which has gone down over time (especially as residential customers were excluded). Stakeholders note that the DSGS program is more streamlined statewide and provides greater ability to aggregate customers, whereas ELRP enrollment is utility specific (and sometimes authorization can be burdensome). Additionally, DSGS resources can be called up earlier, which prices rise, as opposed to ELRP which only activates during a CAISO EEA 2 or 3 emergency alert. These factors contribute to higher enrollment and payments for DSGS over ELRP.

Staff notes that the interest revenue from the CalSHAPE program is not ratepayer funds, it is interest from a state account and is not legally obligated to be returned to investor owned utilities. There is no deadline to spend this money and it will continue to accrue interest until appropriated.

Additionally, the California Public Utilities Commission has not yet completed their public process to design the new load reduction program and does not plan to start this new program until Summer of 2027. Staff believes there is no rush to fund a program that does not have defined program rules for the Legislature to review.

Staff recommends shifting unspent DEBA funds to the DSGS program, as this flexibility has been granted in the past.

Members of the Assembly have historically been supportive of the Demand Side Grid Support program and have requested to increase its budget. Staff believes that dismantling the largely successful DSGS program and shifting it to the CPUC's ELRP program or a new program next year, without statutory requirements or the Legislature seeing the regulations, will likely result in a significant decrease in enrollment and either a cost increase to ratepayers or a reduction in

cost efficiency due to the higher overhead costs for ELRP. Stakeholders have requested the CPUC and CAISO address red tape issues in demand response programs for years to little success until the DSGS program and staff doubts these concerns will be addressed under a successor CPUC program.

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

CalSHAPE

- How much funding remains for the administrative overhead portion of the CalSHAPE program? Will those funds also be returned to ratepayers after the program winds down?
- How many already awarded school projects, and what dollar amount of funding, do you estimate may be unable to meet the encumbrance deadline and returned to investor owned utilities?

DSGS/ELPR/Demand Response

- What was the total program budget and enrollment for ELRP for 2025? What was it for DSGS?
- Do you envision increasing the ratepayer funded portion of the ELRP program to increase enrollment or will these one time funds be the only program increase?
- ELRP ended residential enrollment at the end of 2025, do you envision the successor program will continue to exclude residential customers?
- Can you estimate what percentage of peak load (during declared EEA events) is from residential customers?
- When does CPUC anticipate finalizing program rules for the successor program?
- What is the status of reaching the demand response goal required under Public Resources Code Section 25302.7 (SB 846, 2022) of statewide load-shift goal of 7 GW by 2030?

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

CalSHAPE

Stakeholders have requested that the CalSHAPE program, which was put on pause on July 1, 2024, and it is set to be defunded (funds returned to investor owned utilities) by December 1, 2026, be reopened to spend down the remaining funds which total between \$194 to \$217 million. These unspent funds are mostly reserved for San Diego. Additionally, some schools that were awarded funds may not be able to comply with tight timelines under the current program which may result in more funds returned. Extending the program could extend these encumbrance

deadlines, or this subcommittee could allow only already awarded projects an encumbrance extension.

DSGS/ELRP

Stakeholders largely support keeping the current DSGS program as it has higher enrollment and lower cost than the ELRP program. This would create cost pressures on the budget to keep funding the program, where as the ELRP program, or it's successor, would increase cost pressures on ratepayers. Additionally, DSGS has greater potential for higher enrollment since it is not limited to investor owned utility territory, although some publicly owned utilities wish there was less competition from a statewide program. Members should opine if they would rather 1) keep funding the DSGS program at CEC (including with all these sources of funds), 2) move funding the ELRP, or successor program at CPUC, or 3) if they would like to delay these decisions until the CPUC finishes program design and review this proposal again next year.

Staff Recommendation: Hold open.

0509 Governor's Office of Business and Economic Development (GOBiz)**Issue 2: Energy and Modernization Affordability (SB 254)/ Transmission Accelerator Program (Prop 4) TBL**

The Governor's Budget requests \$322.5 million from Proposition 4 and 10 limited-term positions to: 1) support the California Transmission Accelerator Revolving Fund (CTARF); 2) further implement the requirements of Chapter 119, Statutes of 2025 (SB 254); and 3) manage incoming program fund program funds from Proposition 4 and Chapter 117, Statutes of 2025 (AB 1207) over five years to support public financing for qualified transmission projects. IBank and GO-Biz also request statutory changes to allow for implementation of the revolving fund.

The statutory changes:

- Recast existing provisions
- Adds Government Code Section 12100.111.5 with definitions that apply to the provisions throughout the statute to be eligible for funding:
 - 1) The developer of the transmission project shall be located in the service territory of, or connected directly to the electrical transmission infrastructure of, a large electrical corporation, and that is financed by the bank but not owned by the bank or an electrical corporation, shall certify, under penalty of perjury, that it has selected for the construction of the electrical transmission infrastructure a prime contractor that has served as a prime contractor for at least two electrical transmission infrastructure projects in the state during the prior 10 years.
 - 2) The owner of any eligible transmission project that will be located in the service territory of, or connected directly to the electrical transmission infrastructure of, a large electrical corporation, and that is financed by the bank but not owned by the bank or an electrical corporation, shall certify, under penalty of perjury, that it has selected for any contracted out maintenance of the electrical transmission infrastructure a contractor that has frequently performed electrical transmission infrastructure maintenance work for an electrical corporation or a local publicly owned electric utility during the prior 10 years.
 - Defines "Large electrical corporation" has the same meaning as defined in Section 2827 of the Public Utilities Code.
 - Defines "Local publicly owned electric utility" has the same meaning as defined in Section 224.3 of the Public Utilities Code.
- Allows funds to be invested in interest bearing accounts or transferred to the Surplus Money Investment Fund for investment, and the fund shall be organized as a public enterprise fund.

- Repeals a provision that funds be subject to appropriation by the Legislature.

The statutory changes can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1401>

Background

In November 2024, voters approved Proposition 4, a \$10 billion bond measure focused on increasing the state's resilience to the impacts of climate change. Proposition 4 allocates \$325 million for transmission development. Chapter 119, Statutes of 2025 (SB 254) establishes the California Transmission Accelerator Revolving Fund (CTARF) and allows IBank to leverage Proposition 4 funds under the CTARF to raise additional capital from the bond market.

In addition, to Proposition 4, Chapter 117, Statutes of 2025 (AB 1207) allocates 5 percent of revenue from electrical corporation consigned allowances to the California Transmission Accelerator Revolving Fund.

With this capital and in coordination with GO-Biz's new Transmission Infrastructure Accelerator, IBank will finance a pipeline of transmission development projects beginning in FY 2026-27. Currently, CTARF is authorized until January 1, 2031. However, IBank will be responsible for managing the long-term loans over ten- to thirty-year periods even after the program expires. The administration projects demand for transmission financing is estimated to be over \$8 billion. The collective funds from Proposition 4 and AB 1207, are insufficient to finance the entirety of the state's required transmission infrastructure. IBank is uniquely situated to raise additional funds in the bond market on the strength of a pooled portfolio of loans. To achieve this scale of financing and implement Proposition 4 funding, IBank will incur significant administrative costs relating to bond financing, including legal costs, municipal advisory, and technical assistance.

Chapter 119, Statutes of 2025 (SB 254) includes various policies related to electrical transmission projects. Select provisions direct the California Infrastructure and Economic Development Bank (IBank) and the Governor's Office of Business & Economic Development (GO-Biz) Energy Unit to work together—and in coordination with other state agencies—to identify and finance eligible large electric transmission infrastructure projects. According to statute, the Energy Unit is to coordinate with other agencies (i.e., California Public Utilities Commission (CPUC), California Energy Commission (CEC), Independent System Operator (CAISO), IBank, and other agencies) as well as external parties, as appropriate, to establish the Transmission Infrastructure Accelerator (TIA or accelerator). Together, these entities will develop a financing and development strategy for eligible transmission projects to receive financing. Once a project(s) has been identified, the TIA entities will take the necessary steps to accelerate the development and deployment of those projects to maximize ratepayer savings. While IBank will work with the Energy Unit and other agencies on the accelerator, it is also the administrator of the financing mechanisms needed to fund the chosen transmission infrastructure projects. Once a project is approved by the accelerator, IBank is authorized to provide financial assistance either directly to eligible applicants or to a lending or financial institution via the California Transmission Accelerator Revolving Fund. IBank and the Energy Unit will work in tandem and collaborate to implement the provisions of the measure. As such,

this budget request encompasses the specific funding and staffing needs for each entity to fulfill its role as directed by the statute.

Staffing Costs

For 2026-27, IBank and GO-Biz request 10 limited-term positions supported by \$7.8 million CTARF, decreasing to \$4.5 million annually from 2027-28 through 2030-31.

IBank

To administer CTARF and the Accelerator program, IBank requests 7 limited-term positions supported by \$3.6 million from the CTARF, through 2030-31. These positions include: Attorney III, Assistant Deputy Director (C.E.A Level A), 2 Loan Officer Specialists, and 3 Analyst IIs.

Energy Unit

Concurrently, the Energy Unit requests 3 limited-term positions supported by \$4.2 million CTARF in 2026-27, decreasing to \$826,000 annually through 2030-31. This includes a Regulatory/Legal Advisor, Supervisor 1, and Analyst II, and outside consultants.

Non-Staffing Costs

Non-staff expenses include and total \$11 million over a five-year period:

- Legal counsel (\$2.58 million over five years)
- Municipal advisor (\$1.15 million over five years)
- Consultants (\$6.34 million over five years)
- Operating Expenses (\$1 million over five years)

Panel

This panel will feature representatives from the Governor’s Office of Business and Economic Development, the Department of Finance, and the Legislative Analyst’s Office.

Staff Comments

Staff notes that \$247 million of Proposition 4 funds for offshore wind port development remains unallocated. Stakeholders have requested the Legislature appropriate these funds so the Energy Commission may award potentially larger grant awards when they process solicitations.

Staff Recommendation: Hold open.

3360 California Energy Commission

Issue 3: Various Gasoline Market Positions

The Governor's Budget requests multiple positions related to overseeing the gasoline market, but funds them with a special fund with fees assessed on electric ratepayers' bills:

- 1) *Petroleum Market and Supply Research*: \$1,697,000 ongoing for 7.0 positions and contract resources from the Energy Resources Program Account (ERPA) to implement Chapter 1, Statutes of 2024 (AB X2-1), which requires the CEC to assess how refiners' fuel, feedstock, and blending component inventories affect transportation fuel prices and authorizes regulations mandating minimum inventory levels.
- 2) *Division of Petroleum Market Oversight (DPMO)*: Petroleum Market Transition: \$173,000 ongoing from the Energy Resources Program Account (ERPA) to convert 1.0 temporary position to a permanent, full-time position to support analysis of data sets utilized for the implementation of Chapter 1, Statutes of 2024 (AB X2-1). This position is responsible for cleaning, tabulating, synthesizing, and analyzing large data sets, which are either submitted to the CEC under the Petroleum Industry Information Reporting Act (PIIRA) or to DPMO as part of its law enforcement and market oversight work.
- 3) *Natural Resources Agency Chaptered Legislation Proposals*: 1) SB 237 (Grayson, 2025): Oil Production: Safety, Reliability, and Affordability: \$660,000 in 2026-27 from the Energy Resources Programs Account. 2) SB 767 (Richardson, 2025): Crude Oil Reportable Pipelines: \$205,000 for 1 ongoing position from the Energy Resources Programs Account, and \$191,000 in 2026-27 and 2027-28 for a limited term position. (Issue 11 below).

Panel

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

Staff Comments

Members of this subcommittee may wish to ask:

- Why are electric ratepayers being asked to pay for workload related to the gasoline industry?
- How many staff work on gasoline market analysis at CEC, both directly and through DPMO?
- Why is CEC requesting new positions for legislation that was passed two and a half years ago?

- Why can this workload not be absorbed by existing resources since CEC has paused its price gouging penalties for five years and did not complete its regulations?

Staff Recommendation: Hold open.

8660 California Public Utilities Commission

Issue 4: Cap-and-Invest Implementation (AB 1207)

The Governor's Budget requests \$2,149,000 from the Greenhouse Gas Reduction Fund (GGRF) and 7.0 permanent positions in 2026-27 and ongoing to implement the updated regulations and program requirements for the reauthorized Cap-and-Invest program, consistent with Chapter 117, Statutes of 2025 (AB 1207). This includes \$756,000 ongoing for a consultant contract.

Panel

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

LAO Comments

Summary

The Governor proposes \$2.2 million on an ongoing basis from the Greenhouse Gas Reduction Fund (GGRF) and seven positions for the California Public Utilities Commission (CPUC) to implement changes to the electric investor-owned utility (IOU) California Climate Credit pursuant to Chapter 117 of 2025 (AB 1207, Irwin). In our assessment, CPUC proposes to undertake activities that go beyond AB 1207's statutory requirements. We recommend the Legislature (1) assess whether these additional activities are consistent with legislative intent, as well as whether they are high priorities for funding given the state's serious budget challenges and (2) make corresponding changes to the level of staffing and funding provided, as relevant. We further recommend that—regardless of which activities the Legislature elects to fund—authorize such funding on a limited-term rather than ongoing basis, as much of the workload appears to be short term in nature.

Background

Cap-and-Invest Program Aims to Limit the State's Overall Emissions Through a System of Allowances. Since the cap-and-invest program was created through the passage of Chapter 488 of 2006 (AB 32, Núñez), it has served as one of the state's core policies intended to help it achieve its ambitious greenhouse gas reduction goals. The program establishes a "cap" on aggregate emissions through the issuance of a limited number of permits to emit, also known as allowances.

State Gives Away Roughly Half of Available Allowances. Under current regulations, the California Air Resources Board (CARB) sells about half of the cap-and-invest allowances at quarterly auctions and the revenues are deposited into GGRF. The state gives away the remaining half of these allowances for free to industrial facilities, electric utilities, and natural gas suppliers.

Electric Utility Allowances Are Intended to Benefit Consumers. Electric utilities typically receive roughly one-quarter of the total number of annual allowances issued by CARB. These free allowances are intended to protect electric consumers from significant cost increases associated with the program. To that end, utilities are required to consign most of these free allowances to auction and use the proceeds to provide rebates to consumers, known as the “California Climate Credit.” These rebates currently are provided to residential customers each year in April and October. The amounts of these twice annual rebate amounts vary by utility, ranging from about \$36 to \$50 per residential customer for the three largest IOUs in the state.

AB 1207 Extended and Modified the Cap-and-Invest Program. In September 2025, the Legislature adopted AB 1207, which extended the cap-and-invest program through 2045. Assembly Bill 1207 also made various changes to the program, including to the California Climate Credit. It tasked CPUC with helping to effectuate some of these changes, as discussed below. (For more information on recent changes to the cap-and-invest program, see our December 2025 publication, [Overview of New Updates to the Cap-and-Invest Program](#).)

Governor’s Proposal

Proposes \$2.2 Million Ongoing for CPUC to Implement AB 1207. The Governor’s budget provides CPUC with \$2.2 million ongoing from GGRF to support seven positions and a \$756,000 annual contract to help comply with provisions in AB 1207. Specifically, the funding would support CPUC’s implementation of a requirement that instead of the current twice-yearly rebate, the California Climate Credit instead be provided to electric residential customers of IOUs “in no more than four high-billed months of each year to maximize customer electric bill affordability, or as otherwise directed by the commission to address extreme, unforeseen, and temporary circumstances.”

Assessment

Proposal Includes Activities That Appear to Go Beyond Statutory Requirements. In our view, CPUC could take a simple approach to implementing AB 1207’s changes to the California Climate Credit. For example, CPUC could elect to only change the specific months in which the credits are provided—switching them from April and October to four typically high-billed months (such as June, July, August, and September). (We note that many electric utilities charge higher rates during these four summer months, as they tend to be associated with higher electricity usage.) Instead of opting to take this simple approach, however, CPUC is proposing to implement a more complex methodology. Specifically, it proposes to undertake assessments of whether credits should be provided differentially based on various potential factors—such as climate zones, household income levels, and utility service territories—as well as whether they should be allocated volumetrically rather than as fixed amounts. (A volumetric rebate would be based on the amount of electricity used.) CPUC then envisions implementing a new credit structure based on the results of its assessments. As CPUC expects this new structure is likely to include credits that vary in size across different customer segments, it proposes to provide additional outreach—beyond typical efforts already conducted by the IOUs—to communicate its new, more complex and segmented approach to the public. CPUC also envisions needing to make ongoing adjustments to the structure of the credits over time. CPUC indicates it believes

this more complicated approach is required by the statute's direction "to maximize customer affordability."

CPUC's Proposed Approach to AB 1207 Implementation Raises Important Policy Choices... Assembly Bill 1207 does not make it clear how, if at all, the Legislature would like the California Climate Credit to vary based on factors such as geography or income, nor whether the Legislature would prefer the credits to be provided as fixed payments or volumetrically based. Choices about how to distribute these credits have important implications, as they will affect the allocation of rebates that could be worth tens of billions of dollars in total through 2045. Given the high stakes involved, it will be important for the Legislature to consider whether it is comfortable with deferring decisions on the structure of the credits to CPUC, as is envisioned in this proposal, or whether it would like to provide CPUC with further statutory direction to guide its approach.

...And Also Presents Funding Trade-Offs. We expect that minimal, if any, new resources would be required for CPUC to undertake a simple approach to implementing AB 1207. However, the commission estimates needing significantly more resources—seven ongoing positions and a consulting contract—to implement its proposed, more complex approach. In light of the state's budget condition—and as we discuss in greater detail in our recent publication, [The 2026-27 Budget: Framework for Approaching the Natural Resources, Environmental Protection, and Agriculture Budget](#)—we recommend the Legislature apply a very high bar to its review of new proposals. Moreover, we note that this specific request is proposed to be funded from the state operations category of GGRF. We suggest the Legislature be particularly cautious about making new commitments from this funding source, as it leaves less funding for GGRF expenditures, including statutorily identified programs and providing General Fund relief. (We discuss the specific considerations that apply to GGRF state operations in our recent publication, [The 2026-27 Budget: Cap-and-Invest Expenditure Plan](#).)

Regardless of Preferred Approach, Weak Rationale for Ongoing Resources for CPUC's AB 1207 Implementation. Even if the Legislature would like CPUC to analyze and administer a more complex California Climate Credit and finds that this approach is a high priority for limited state funding, we think that the workload should largely be short term in nature. In our view, making significant changes to the basic structure of the credit on a regular or ongoing basis is problematic. This is because frequent changes to the approach could increase customer confusion and make bills more unpredictable. While we expect that CPUC might need to reevaluate the specific amounts of credits that are provided each year, it is unclear why the commission would need to regularly rethink the core approach or implement significant changes. We expect that undertaking such relatively minor modifications should require a much-reduced level of staffing compared to the proposed level. Given that the exact level of ongoing resources that will be required is uncertain until the work is underway, supporting whatever activities the Legislature elects to fund on a limited-term basis would allow for time to ascertain what level of ongoing support might be needed in the future. If the state were to approve limited-term funding, CPUC could return to the Legislature with a future budget proposal to request ongoing resources once it has a clearer idea of its ultimate approach to implementing the California Climate Credit and the associated ongoing workload.

Recommendations

Decide Upon Desired Scope of Activities and Adjust Level of Resources Accordingly. We recommend the Legislature (1) assess whether the activities that appear to go beyond the required scope of AB 1207 are consistent with legislative intent, as well as whether they are high priorities for funding given the state's serious budget challenges, and (2) make corresponding changes to the level of staffing and funding provided, as relevant. Specifically, if the Legislature's vision is for the state to continue to provide a simple, fixed amount of California Climate Credit to all residential customers of each IOU—just provided in different months of the year—we recommend the Legislature provide minimal, if any, new resources to CPUC. If, instead, the Legislature would prefer that CPUC analyze and ultimately implement a more complex California Climate Credit, we recommend the Legislature approve the requested level of resources in the near-term.

Approve Resources on a Limited-Term Rather Than Ongoing Basis. Regardless of the Legislature's preferred approach, we recommend approving resources on a two-year limited-term basis. This is because the ongoing workload is uncertain but likely to be relatively small. To the extent CPUC determines it needs continued resources, it could request them through a future budget request. This approach would have the advantage of placing the commission and Legislature in a better position to assess the level of ongoing workload, as they would have the benefit of more details on the approach to the credit that CPUC ultimately decides to undertake.

Consider Making Statutory Clarifications, as Relevant. To the extent the Legislature has a clear vision for its preferred approach to implementing the California Climate Credit, we recommend it consider memorializing that vision in statute. Doing so would ensure its preferred approach is carried out. For example, if the Legislature would like households to receive fixed credits in specific, designated summer months, it could clarify that guidance. Alternatively, if the Legislature would prefer a different approach—such as larger credits for low-income customers or credits that are provided volumetrically—it could specify that alternative intent in statute. Absent such additional direction, the Legislature will largely be deferring to CPUC to make decisions about how to allocate this funding—which could total in the tens of billions of dollars over the next twenty years—to utility customers.

Staff Comments

Members should opine whether to approve this request or to make the positions limited term.

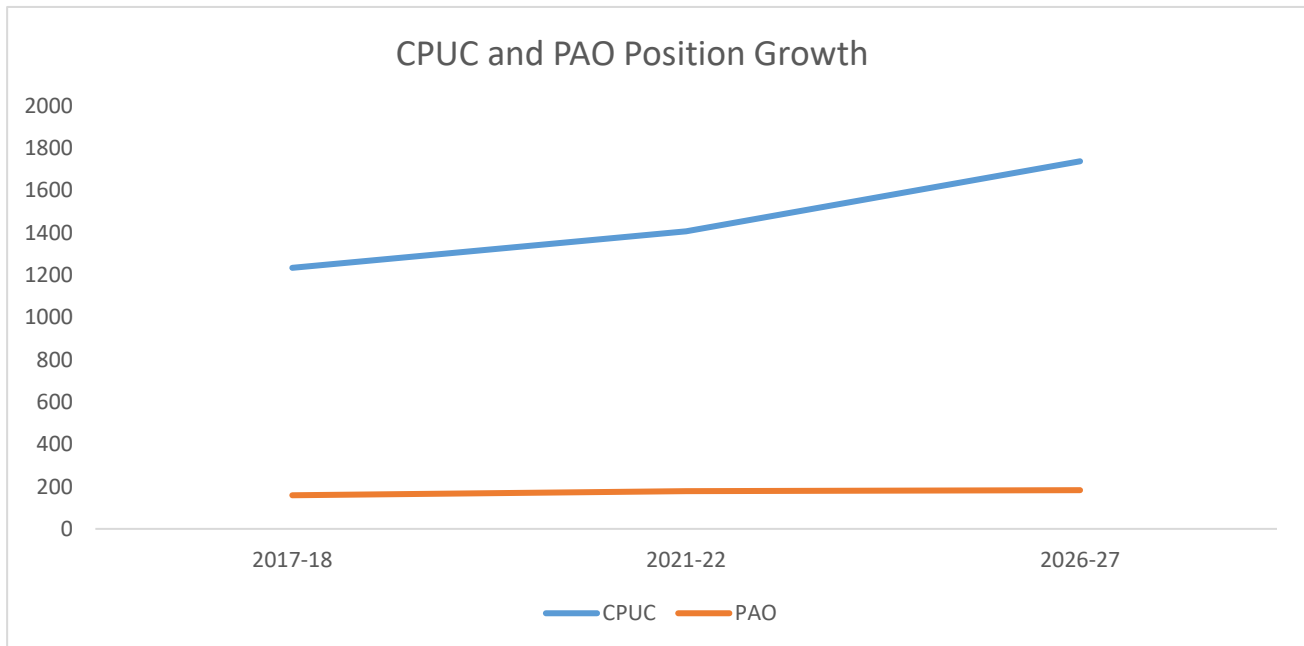
Staff acknowledges that the volumetric based rate design outlined in AB 1207 is more complex to implement than the current program. CPUC is supposed to vote on April 30th to shift the electric credit to August and September (from April and October) for the State's three largest investor owned utilities and February for natural gas.

Staff Recommendation: Hold open.

Issue 5: CPUC and Public Advocates Office Staffing Overview

The Governor’s Budget 2026-27 proposes 1,738 full time equivalent staff positions for the CPUC at a total cost of \$2.1 billion from various special funds. This is an increase of 43 positions from 2025-26, however 6 of these positions are converting existing temporary positions to permanent. Additionally, the efficiency and vacancy reductions adopted in previous budget acts result in a net reduction of 13 positions for the year.

The total authorized positions for the Commission was 1,406.8 in 2021-22, and 1,234.3 in 2017-18. This represents a 23.5 percent staffing increase from 2021-22 and 40.8 percent since 2017-18. These include the Public Advocates Office (PAO). The Public Advocates Office has grown 3.9 percent since 2021-22 and 16.3 percent since 2017-18. PAO total positions in 2026-27 equal 185, with 178 in 2021-22, and 159 in 2017-18. Subtracting PAO staff from the CPUC total results in a CPUC growth rate of 44.4 percent since 2017-18, and 26.3 percent since 2021-22.



These division breakdown of these positions are below. An asterisk denotes that that division was reformed over the years and may have shifted to a new name.

*Effective July 1st, 2024, the Public Advisor Office, News and Public Outreach, and Consumer Affairs Branch were transitioned from the Executive Division to the newly established External Affairs Division.

*The Office of the Safety Advocate was established in response to Senate Bill 62 (Chapter 806, Statutes of 2016) to advocate, on behalf of the utility customers, for the continuous and cost-effective improvement of the safety management and safety performance of public utilities. This office was dismantled according to the statute on January 1, 2020.

Number of Full Time Employees by Division

Division	2017-2018	2021-2022	2026-27 GB Proposed
Executive Division	107	135	54
External Affairs Division	0*	0*	82
Safety and Enforcement Division	206.5	99.5	120
Rail Safety Division	0*	121	125
Administrative Services Division	56.5	78.5	89
Human Resources Division	32	49	50
Information Technology Services Division	81	101	111
Consumer Protection and Enforcement Division	132	74	82
Public Advocates Office	159*	178	185
Policy and Planning Division	10	0*	0*
Legal Division	89	101.5	143
Administrative Law Judge Division	92.75	99.25	144
Energy Division	161.5	191	299
Communications Division	70	79	142
Water Division	0*	22	28
Division of Water and Audits	20	0*	0*
Safety Policy Division	0*	37	41
Office of Safety Advocates	8	0*	0*
Office of Cybersecurity	4	0*	0*
Utility Audits, Risk and Compliance Division	0*	36	40
<i>Regular/Ongoing Positions</i>	<i>1229.75</i>	<i>1401.25</i>	<i>1733</i>
<i>President</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Commissioners</i>	<i>4</i>	<i>4</i>	<i>4</i>
Totals	1234.75	1406.25	1738.0

Dedicated Rate Case Staff

CPUC

Roughly 245 staff for 2026-27 will be assigned to rate cases, constituting 15 percent of the non-PAO CPUC staff. Electric staff constitute 76 percent of this total and has grown 66 percent since 2017.

Energy - Electric Rate Cases

Division	2017-2018	2021-2022	2026-2027
Energy	113	150	188

Energy - Natural Gas Rate Cases

Division	2017-2018	2021-2022	2026-2027
Energy	31	29	27

Telecommunications Rate Cases

Division	2017-2018	2021-2022	2026-2027
Communications	11	11	8

NOTE: Broadband matters conducted at the CPUC do not consist of rate cases.

Water Rate Cases

Division	2017-2018	2021-2022	2026-2027
Water	14	15	22

PAO

Of the 183 staff currently authorized at the PAO:

Type	Positions	Percent of Staffing Total
Electric/Natural Gas Rates	113.8	62%
Communications/Broadband Rates	4.15	2%
Water Rates	28.95	16%
Non-Rate Staff	36.1	20%

The PAO typically assigns 20 staff per large energy utility general rate cases and 6 staff for smaller ones, which takes roughly 15 months. For water and telecommunications rate cases, roughly 5 to 15 staff over 4 to 5 months.

Panel

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

Staff Comments

Members of this subcommittee may wish to ask the following questions:

- How much time does it take to do a rate cases? Please describe the time by type (electric, natural gas, telecommunications, etc.).
- How frequent are rate cases submitted? General rate cases (GRCs) are supposed to be on three year intervals, but it seems that rates increases are being approved every six months.
- How many staff are typically assigned per rate case?
- What technical expertise (engineering, accounting, economics) exists in-house to independently evaluate utility cost claims? To what extent does the Commission/PAO rely on utility-submitted data versus independent staff analysis versus consultant analysis?
- For GRCs, do you have any recent data on how frequently the approved decision is a commissioner proposal, PAO proposal, staff proposal, regulated entity/utility, or other stakeholder proposal that is adopted?
 - How often does rate review end in a denial?
- How does the Commission/PAO handle institutional knowledge loss when experienced ALJs or analysts leave, given utility proceedings can span years?
- Does the Commission have a strategic plan that prioritizes proceedings? If so, how are trade-offs made when staff capacity is constrained?
- What is the typical level of commissioner (all commissioners, not just those assigned) engagement in the record-building phase of a proceeding (hearings, workshops) versus just the decision phase?
- When does the PAO engage?
- Can any update be shared on the work of the internal audit services division, and how its work has added transparency and efficiency to CPUC processes?

- How are staff at the CPUC or PAO encouraged or required to find cost savings for ratepayers? What incentives or cultural changes could be made?
- Can you explain why GRCs for small telecommunications companies were put on hold?

Intervenor Compensation

- Can you provide a yearly estimate of funding provided for intervenor compensation?
- How much does the intervenor funding process effectively supplement staff capacity or substitute for it? Is this the same for quasi-leg proceedings versus ratemaking proceedings, or does it differ?

Members of the Legislature and the public have suggested a few reforms for the CPUC that members of this subcommittee may want to consider. These include:

- ACA 9 (Boerner, 2025) increases the size of the CPUC, requires the Speaker and Senate Rules Committee to appoint 2 additional members each, reform communications and broadband authority, require the CPUC to consider affordability, and other provisions.
- AB 2289 (Boerner, 2026) establishes the Office of Broadband and Digital Equity (OBDE) within the Government Operations Agency (GovOps) and transfer the responsibility for several existing broadband and telecommunications programs, currently administered by the CPUC or the California Department of Technology, to the OBDE.
- AB 1705 (Boerner, 2025) reforms the existing audit functions at the CPUC to the Independent Office of Audits and Investigations and names the head of the office, the Inspector General, who would be appointed by the Governor and confirmed by the Senate.
- Create a specialized investigative team at the CPUC to initiate an independent review of utility spending outside of the general rate case (GRC). This approach would allow additional time and depth of investigation to detect areas of utility spending that may have gone unnoticed in the past. Similar to a civil grand jury, these teams would focus on fact-finding, root cause analysis, and reporting.
- Establish a CPUC “tip line” that would encourage utility employees and contractors to report instances of wasteful or unreasonable spending by the utilities. Employees would be eligible for financial incentives for reports that lead to CPUC actions to reduce/disallow spending. Employees would also receive whistleblower protections to prevent reprisals. Information obtained through this process could be used by the CPUC investigative unit described above.

Staff Recommendation: Informational, no action needed.

Issue 6: California Lifeline Program: 2026-27 Governor's Budget Estimate

The Governor's Budget requests \$613,813,000 for fiscal year 2025-26 and \$698,872,000 for fiscal year 2026-27 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.

Factors that contribute to the increase in Local Assistance from the 2025 Budget Act are (1) the projected increase in enrollment for 2025-26 based on actual subscribership data trends, and (2) the inclusion of the new Home Broadband Pilot, which expands service access to additional eligible households. These factors reflect the program's growing reach, consistent with the Legislature's goals, and the Commission's ongoing investment in digital equity.

Factors that contribute to the increase in State Operations are (1) projected higher Third-Party Administrator (TPA) contract costs, attributed to an expanded subscriber base and associated operational needs, and (2) a new inter-agency agreement with Department of Health Care Services (DHCS) facilitating initial enrollment and annual renewals.

Panel

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

Staff Comments

Lifeline is funded by a consolidated fee on phone bills known as the Universal Service Public Purpose Programs Surcharge, which also funds multiple other programs.

The CPUC on April 10th proposed increasing the fee to \$1.25 per service line per month.

However, this proposed program budget is higher than the program expenditures outlined in the draft resolution by roughly \$170 million.

Members of this subcommittee may wish to ask:

- When will the CPUC increase the surcharge to reflect this higher budget amount, and how would the fee change?

Staff Recommendation: Hold open.

Non-Presentation Items

3355 Office of Energy Infrastructure Safety

Issue 7: Administrative Support

The Governor's Budget requests 1.0 position and \$148,000 (\$118,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$30,000 Safe Energy Infrastructure and Excavation Fund (SEIEF)) in 2026-27 and ongoing to coordinate internal accounting functions with the contracted fiscal services provider, process travel expense claims and invoices, review month-end reconciliations, monthly travel reconciliations, and validate financial records.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 8: Energy Modernization and Affordability (SB 254)

The Governor's Budget requests \$1,393,000 (Safe Energy Infrastructure and Excavation Fund (SEIEF)) and 8.0 permanent positions in 2026-27 and ongoing to implement new Underground Safety Board-related ongoing requirements with the passage of Chapter 119, Statutes of 2025 (SB 254).

This workload includes:

- To develop, through the Underground Safety Board, new structured information exchange and regulatory oversight over infrastructure project coordination, ensuring excavators can access underground infrastructure data early in the design process to reduce utility strike risks and lower project costs. This includes:
 - Conducting new analyses and developing new regulations to establish per-day 811 ticket limitations to support timely and effective locate-and-mark activities by utilities.
 - Establishing and implementing new processes and procedures for the regional notification centers – Dig Alert and USA North – to submit their processes and procedures to the Board for stakeholder feedback and Board review and approval.
 - Supporting and enforcing the regional notification centers implementation of new tribal notification protocols and compliance.
 - Researching, evaluating, and annually reporting to the Legislature on new feasibility and funding of a statewide web-based planning platform that allows tribes to view plans for projects and to communicate with plan submitters.

- Developing, implementing, and coordinating new education and outreach resources for these new statutory requirements.
- Developing and implementing new compliance monitoring, audit, and investigations processes, and procedures for investigating possible violations for these new statutory requirements.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3360 California Energy Commission

Issue 9: Heat Pump Matching Funds

Since 2022-23, CEC has received a total of \$432M (\$2.5 million General Fund, \$430 million GGRF) for the Equitable Building Decarbonization Program. Ten percent of these funds, roughly \$43 million, was reserved for administrative activities and is available until 2031 for encumbrance/expenditure.

Heat pumps are all-electric equipment that provide energy-efficient air conditioning and heating. They are generally considered cost-effective compared to separate air conditioning and furnace systems, but individuals typically replace one appliance at a time. Additionally, contractors and retailers do not always have experience installing these technologies or have them readily in stock, so soft costs can increase overall expenses for consumers or lead to delays. The State and prior federal administration have developed programs to address these cost and availability challenges.

Stakeholders have recommended a new program design that would provide funding for high-road contractors and skilled installers to offer a matching rebate (roughly \$500 from the State and \$500 from the installer). This approach is intended to incentivize the growth of high-road residential heat pump contractors and support the hiring of skilled technicians in California who install heat pumps. The program would help ensure high-quality installations for Californians, expand training and expertise in heat pump deployment, and minimize overhead costs. Stakeholders have requested \$10 million for a multi-year program.

To ensure accountability, workforce quality, and effective delivery, the program shall include the following eligibility requirements:

- Administration by existing non-profits or bona fide labor organizations with a demonstrated track record of successfully administering heat pump rebate programs.
- Utilization of a high-road contractor network that participates in a DAS-approved joint labor-management apprenticeship program and provides high-quality wages and portable benefits, including healthcare, training, and retirement.

- Zero percent administrative cost structure, with 100 percent of program funds passed directly to California consumers in the form of rebates.
- A transparent invoicing model to ensure accountability and public trust.
- A requirement that program administrators commit to providing 100 percent matching funds.

Staff recommends reallocating \$10 million of the administrative set-aside from the Equitable Building Decarbonization Program. Members of this subcommittee may also wish to directly appropriate funds from the General Fund or Greenhouse Gas Reduction Fund, if funds are available in May.

Staff Recommendation: Appropriate \$10 million from previously appropriated funds for the Equitable Building Decarbonization program for a matching program for direct install incentives.

Issue 10: Renewables Portfolio Standard Facility Certification

The Governor's Budget requests \$176,000 from the Energy Resources Program Account (ERPA) in 2026-27 and ongoing and 1.0 position to address staffing needs to continue implementation of the state Renewables Portfolio Standard (RPS) program. This position will help CEC to meet its responsibility to certify renewable resources as eligible for the RPS.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 11: Natural Resources Agency Chaptered Legislation Proposals

The Governor's Budget requests resources to implement the following pieces of legislation:

- SB 237 (Grayson, 2025): Oil Production: Safety, Reliability, and Affordability: \$660,000 in 2026-27 from the Energy Resources Programs Account.
- AB 368 (Ward, 2025): Passive House Standards: \$342,000 in 2026-27 and 2027-28 from the Energy Resources Programs Account.
- SB 767 (Richardson, 2025): Crude Oil Reportable Pipelines: \$205,000 for 1 ongoing position from the Energy Resources Programs Account, and \$191,000 in 2026-27 and 2027-28 for a limited term position.

Staff Comments: These proposals have no write up for how the Legislation will be implemented and instead are just a spreadsheet of costs. Additionally, two of these proposals require electric ratepayers to pay for costs related to the gasoline industry, as mentioned in Issue 3.

Staff Recommendation: Hold open.

Issue 12: Natural Resources Agency Bond and Technical Proposals

The Governor’s Budget requests various technical encumbrance extensions, reappropriations, and converts 3.3 temporary positions into one permanent position.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 13: Energy Modernization and Affordability (SB 254)

The Governor’s Budget requests \$2 million Energy Resources Programs Account (ERPA) annually for four years to support 4.0 positions and consultant support resources to implement the requirements of Chapter 119, Statutes of 2025 (SB 254) specific to the preparation of one or more program environmental impact report(s) (PEIR) for clean infrastructure projects to accelerate the review of clean and renewable energy projects. The CEC estimates that 2-4 PEIRs could be completed in the first phase. Draft PEIRs are targeted for completion in 2029, and final PEIRs by the end of 2030.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 14: SFL: Natural Resources Agency Bond and Technical Proposals: Reappropriation and Liquidation Extension

A Spring Finance Letter requests that Item 3360-492 be amended to reappropriate Item 3360-001-0001, Budget Act of 2022, to correct a drafting error. It is also requested that Item 3360-493 be added to extend the encumbrance period from June 30, 2026, to June 30, 2028, and the liquidation period from June 30, 2028, to June 30, 2032, for Item 3360-101-0890, Budget Act of 2016, and Item 3360-101-0890, Budget Act of 2018 to receive and process federal American Reinvestment and Recovery Act loan repayments.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3900 California Air Resources Board

Issue 15: SFL: California Environmental Protection Agency Consolidated Administration

A Spring Finance Letter requests that Item 3900-001-0115 be increased by \$894,000 ongoing. The Governor's Budget proposes \$2,595,000 ongoing resources split proportionately between the various Boards, Departments, and Offices that comprise CalEPA for consolidated administration. This request modifies the request in the Governor's Budget to correct a technical error.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 16: SFL: California Environmental Protection Agency Bond and Technical Adjustments: Undisbursed Carl Moyer Local Assistance Funds

A Spring Finance Letter requests that Item 3900-101-0115 be increased by \$733,000 one-time to utilize returned and undisbursed Carl Moyer Program funds from the 2019, 2020, 2021, and 2022 Budget Acts. This one-time increase is necessary to disburse previously awarded incentive funds to support surplus emission reductions statewide.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 17: SFL: Zero-Emission Vehicle Incentive Program

A Spring Finance Letter requests provisional language be added to Item 3900-101-3228 and Item 3900-102-0115 to provide an extended encumbrance period until June 30, 2029, and to authorize up to 5 percent of funding appropriated for the Zero-Emission Vehicle Incentive Program to be used for state administrative costs. This request modifies the request in the Governor's Budget.

Staff Recommendation: Approve if this subcommittee approves the Zero-Emission Vehicle Incentive Program.

Issue 18: SFL: California Environmental Protection Agency Bond and Technical Adjustments: Proposition 1B Encumbrance Extension

A Spring Finance Letter requests that Item 3900-492 be amended to extend the encumbrance period from June 30, 2022 to June 30, 2028 for up to \$10,795,000 from Item 3900-101-6054, Budget Act of 2018, and from June 30, 2026 to June 30, 2028 for up to \$8,746,000 from Item

3900-101-6054, Budget Act of 2019, both related to the Proposition 1B Movement Emission Reduction Program.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

8660 California Public Utilities Commission

Issue 19: Combatting Wildcatting

Background: “Wildcatters” are individuals who operate near the California-Mexico border crossings, providing unregulated transportation services, using unlicensed vehicles in exchange for compensation. This practice poses a threat to the safety of people traveling across the border and across the state, as these services lack proper insurance, driver background checks, safety training, and vehicle inspections. Without targeted enforcement, unpermitted operators will continue to endanger riders who unknowingly enter unregulated vehicles and undermine the legal transportation network that relies on proper permits and oversight.

Proposal: Under this proposal, CPUC would work to establish a Memorandum of Understanding (MOU) to reimburse the San Diego Police Department for roughly one enforcement operation per month. The request would utilize funds from the Public Utilities Commission Transportation Reimbursement Account (PUCTRA). PUCTRA is supported by fees assessed on for hire passenger vehicle operators and common carrier vessel operators. Individuals who utilize these transportation services may pay additional fees to cover the additional costs imposed by this proposal on PUCTRA. Penalty revenue from enforcement may be returned to the State. CPUC currently utilizes PUCTRA funding for similar joint enforcement efforts with partner agencies. Consistent with current practice, CPUC would reimburse partner agencies following each operation, and PUCTRA funds would not be expended directly by the external agencies.

Additionally, members of this subcommittee may wish to adopt reporting requirements to track the efficacy of the enforcement operations.

Staff Recommendation: Appropriate \$54,000 per year for three years from the Public Utilities Commission Transportation Reimbursement Account (PUCTRA) for wildcatting joint operations and adopt reporting requirements.

Issue 20: Legal Services Contract Resources and SFL

The Governor's Budget requests \$3 million one-time Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2026-27 for an active legal services contract to provide advice and representation on corporate and utility restructuring, finance, securitization, and bankruptcy matters. This includes a Spring Finance Letter requesting provisional language with extended encumbrance until June 30, 2029.

Background: CPUC has been granted budget authority for these efforts since 2019-2020.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 21: Wildfire Fund Clean-up TBL

The Governor's Budget requests statutory changes to SB 254 (Becker, Chapter 119, Statutes of 2025). Specifically, the proposed language corrects an erroneous cross-reference in Section 1 by replacing the reference to Public Utilities Code (PUC) section 850.1(a)(1)(B) with the proper citation to section 850.1(a)(1)(A)(ii); replace the phrase "additional annual contributions" with "annual contributions"; corrects the incorrect cross-reference in Section 4 from PUC section 3299.3(b) to section 3299.3(a); replaces the phrase "Wildfire Fund allocation metric" with the allocation formula specified in section 3299.3(a)(2), ensuring that the correct methodology is used to determine each utility's required contribution; and correct the definition by cross-reference to "Wildfire Fund."

The language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1372>.

Staff Recommendation: Hold open.

Issue 22: California Ratepayer Protection Act (AB 1167)

The Governor's Budget requests \$952,000 ongoing from the Public Utilities Commission Utilities Reimbursement Fund Account (PUCURA) for 4.0 positions to implement Chapter 634, Statutes of 2025 (AB 1167). AB 1167 prohibits electric or gas utilities from recovering from ratepayers specified costs such as contributions towards political influencing activities, penalties or fines, and fees charged by experts who testify on behalf of utilities. This includes 2 Attorney IIIs, 1 Administrative Law Judge, and 1 Public Utilities Regulatory Analyst (PURA) III.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 23: Legal Division Advocacy Resources

The Governor's Budget requests \$307,000 Distributed Administration authority from various special funds and 1.0 permanent position in 2026-27 and ongoing to create an executive-level position (CEA B – Deputy General Counsel (Advocacy)) to effectively and efficiently execute statutory mandates, including advocacy on behalf of public utility ratepayers and the CPUC's compliance and enforcement efforts.

Staff Recommendation: Hold open.

Issue 24: Ratepayer and Technological Innovation Protection Act (SB 57)

The Governor's Budget requests \$668,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) and 3.0 permanent positions in 2026-27 to meet the January 2027 legislative reporting requirement, consistent with Chapter 647, Statutes of 2025 (SB 57), and \$523,000 PUCURA in 2027-28 and ongoing to address increasing analytical, regulatory, and oversight workload associated with new large data center electrical loads.

Staff Comments

Staff notes that statute required a one-time report, but this request is for ongoing staffing. This subcommittee may wish to only approve these positions on a limited term basis, or a lesser amount as required by the bill.

Staff Recommendation: Hold open.

Issue 25: Voluntary Energy Markets (AB 825)

The Governor's Budget requests \$1,925,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and 8.0 permanent positions in 2026-27 and ongoing to implement Chapter 116, Statutes of 2025 (AB 825).

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 26: Energy Modernization and Affordability (SB 254)

The Governor's Budget requests \$1,911,000 ongoing from the Public Utilities Commission Utilities Reimbursement Fund Account (PUCURA) for 8.0 positions in 2026-27 and ongoing to implement Chapter 119, Statutes of 2025 (SB 254). Approved resources would support Commission related activities related to oversight of transmission projects, assessment of rate base, rate of return, and capital structure; review of energization practices; audit of third-party assessments; review of advice letters; and conduct of Commission proceedings necessary to carry out SB 254.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 27: Water Utilities Enforcement and Compliance

The Governor's Budget requests \$436,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and conversion of 2.0 limited-term positions to permanent in 2026-27 and ongoing to continue critical ongoing enforcement and compliance efforts for Commission jurisdictional water utilities.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 28: Information Technology Enterprise Functions

The Governor's Budget requests \$443,000 Distributed Administration authority from various special funds and 2.0 positions in 2026-27 and ongoing to improve the operational efficiency and effectiveness of Information Technology (IT) Enterprise Functions.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 29: Advice Letter Website Support

The Governor's Budget requests \$142,000 and 1.0 position from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to monitor and evaluate the advice letter legacy website.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 30: Administrative Support Resources

The Governor's Budget requests 3.0 positions and \$400,000 from various special funds (Distributed Administration) in 2026-27 and ongoing to provide adequate staffing support for the Commission President and executive staff. This converts three limited term positions to permanent. The positions are 2 executive assistants and 1 Supervisor 1.

Staff Recommendation: Hold open.

Issue 31: Broadband for All Reappropriation

The Governor's Budget requests reappropriation of \$8 million General Fund in administrative funds for contracts, licenses, and consultants to continue implementing Broadband for All, consistent with Chapter 112, Statutes of 2021 (SB 156) until June 30, 2030.

Background: In 2021-22, as part of SB 156, \$51,532,000 was appropriated to the CPUC for 46.0 permanent positions and limited-term resources, including contracts, training, travel, and other operating expenses to implement multi-year broadband investments. These investments were focused on Last Mile connectivity, which are the final legs of the network connecting the major middle mile infrastructure to homes and businesses. To continue the implementation of the multi-year Broadband for All investments, the CPUC requests a reappropriation of \$8 million General Fund in state operations funding beyond the current encumbrance deadline of December 31, 2026, until June 30, 2030.

Staff Recommendation: Hold open.

Issue 32: Energy Research Platform

The Governor's Budget requests \$186,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and 1.0 permanent position in 2026-27 and ongoing to lead the development, maintenance, and administrative oversight of the California Distributed Generation Statistics (DGStats) Platform, a critical tool for transparency on the growth of customer generation in California and the impact these resources have on affordability for ratepayers related to rooftop solar.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 33: Utility Permitting and Project Review Process

The Governor's Budget requests \$216,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2026-27 and ongoing for the conversion of 1.0 limited-term Public Utilities Regulatory Analyst (PURA) V position to a permanent position to address an increase in electrical transmission permitting tied to Chapter 390, Statutes of 2023 (SB 319).

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 34: Public Advocates Office – Energy Modernization and Affordability (SB 254)

The Governor's Budget requests an increase of \$400,000 to the Public Utilities Commission Public Advocates Office Account and 2.0 positions to implement Chapter 119, Statutes of 2025 (SB 254). These positions are for ongoing audits, securitization, wildfire safety.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

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.