
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Josh Becker, Chair
2025 - 2026 Regular**

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SUBJECT: Energy: electricity

DIGEST: This bill includes various proposals related to electrical corporations, including a prohibition on allowing electrical corporations to include \$15 billion in their rate base for purposes of earning equity returns capital investments related to undergrounding infrastructure; establishing a public financing mechanism to reduce costs associated with the development of eligible transmission projects; establishing a task force to review various customer demand side management programs; creating a local permitting program to provide incentives and a pool of experts to aide local agencies in siting clean energy projects; and revising wildfire mitigation planning.

ANALYSIS:

Existing law:

- 1) Establishes the Federal Energy Regulatory Commission (FERC) has exclusive jurisdiction over the transmission of electricity in interstate commerce and over all facilities for the transmission or sale of electricity in interstate commerce. (Federal Power Act §§201, 205, 206 (16 USC 824, 824d, 824e))
- 2) Establishes the California Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations (also known as electric investor-owned utilities (IOUs)). (Article XII of the California Constitution)
- 3) Establishes the Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank (I-Bank) in the Governor's Office of Business and Economic Development. Authorizes the I-Bank, among other things, to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities. (Government Code §63000 *et seq.*)

- 4) Establishes the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)). Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of trends. (Public Resources Code §25200 *et seq.*)
- 5) Establishes the California Independent System Operator (CAISO) as a nonprofit public benefit corporation and requires it to ensure efficient use and reliable operation of the electrical transmission grid. (Public Utilities Code §345)
- 6) Establishes the Office of Energy Infrastructure Safety (OEIS) within the Natural Resources Agency which, as of July 1, 2021, subsumed the Wildfire Safety Division (WSD) responsibilities at the CPUC, including to review the wildfire mitigation plans (WMPs) of electrical corporations. (Government Code §§15740 *et seq.* and 15475.6, Public Utilities Code §§326 and 8385)
- 7) Requires, under the California Global Warming Solutions Act of 2006, the California Air Resources Board (CARB) to adopt a statewide greenhouse gas (GHG) emissions limit. Authorized CARB to include market-based compliance mechanisms to comply with the regulations. (Health and Safety Code §38500 *et seq.*)
- 8) Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Public Utilities Code §451)
- 9) Requires the CPUC to require certain revenues received by an electrical corporation as a result of the direct allocation of GHG allowances to be directly credited to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporation, except as specified. (Public Utilities Code §748.5)
- 10) Prohibits an electrical corporation from beginning construction of a line, plant, or system, or of any extension thereof, without having first obtained from the CPUC a certificate that the present or future public convenience and necessity requires or will require its construction. (Public Utilities Code §1001)
- 11) Requires the CPUC, in a proceeding evaluating the issuance of a certificate of public convenience and necessity for a proposed transmission project, to establish a rebuttal presumption with regard to need for a proposed transmission project in favor of CAISO governing-board approved need evaluation if specified conditions are met. (Public Utilities Code §1001.1)

- 12) Establishes the Wildfire Fund to pay eligible claims arising from a covered wildfire, as provided. Requires the CPUC to direct an electrical corporation participating in the Wildfire Fund to collect a non-bypassable charge from the electrical corporation's ratepayers to support the Wildfire Fund. (Public Utilities Code §§3284 and 3289)
- 13) Establishes the California Consumer Power and Conservation Financing Authority Act creates the California Consumer Power and Conservation Financing Authority (CCPCFA) (though created in statutes, it is a defunct entity). Authorizes the CCPCFA, before January 1, 2007, to establish, finance, purchase, lease, own, operate, acquire, or construct generating facilities and other projects and enterprises, or provide financial assistance for projects or programs by participating parties, to supplement private and public sector power supplies, to ensure a sufficient and reliable supply of electricity for California's consumers at just and reasonable rates, and to provide financing for owners of aged, inefficient, electric powerplants to perform necessary retrofits to improve the efficiency and environmental performances of those powerplants. (Public Utilities Code §§3300, 3310, 3384)
- 14) Authorizes the CCPCFA to incur indebtedness and to issue securities of any kind or class, at public or private sale by the Treasurer, and to renew the same, if the indebtedness is payable solely from revenues. Authorizes the CCPCFA to issue bonds, as specified, in an amount not to exceed \$5 billion exclusive of any refunds. (Public Utilities Code §§3380 *et seq.*)
- 15) Prohibits the CCPCFA from financing or approving any new program, enterprise, or project on or after January 1, 2007, unless authority to approve such an activity is granted by statute enacted on or before January 1, 2007. (Public Utilities Code §3384)
- 16) Requires electrical corporations to construct, maintain, and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. (Public Utilities Code §8386)
- 17) Requires electrical corporations to annually prepare and submit their wildfire mitigation plans (WMP) to the OEIS for review and approval. Requires the WMP to include, among other things, a description of preventive strategies and programs to minimize the risk of catastrophic wildfire, including consideration of dynamic climate change risks, a list that identifies, describes, and prioritizes all wildfire risks, and drivers for those risks, throughout the electrical

corporation's service territory, and a description of where and how the electrical corporation considered undergrounding electrical distribution lines within those areas of its service territory with the highest wildfire risk, as specified. (Public Utilities Code §8386)

- 18) Authorizes an electrical corporation to file an application requesting the CPUC to issue a financing order to authorize the recovery of certain costs and expenses, including those related to a catastrophic wildfire and fire risk mitigation capital expenditures, through the issuance of bonds by the electrical corporation that are secured by a rate component, as provided. Authorizes the CPUC, until December 31, 2035, to issue the financing order. Requires the CPUC to prohibit a large electrical corporation from including in its equity rate base its share for the first \$5 billion expended in aggregate by large electrical corporations on fire risk mitigation capital expenditures and authorizes those expenditures to be financed through the financing order. (Public Utilities Code §§850.1, 850.6, 8386.3)
- 19) Requires the CEC and the CPUC to submit a joint Reliability Planning Assessment to the Legislature on a quarterly basis. Requires that assessment to report on significant delays or barriers affecting the timely deployment of renewable energy and zero-carbon resources, including, among other things, permitting processes. Requires the CEC, upon appropriation, to grant certain moneys to qualified counties for the development or revision of rules and policies that facilitate the processing of permits for eligible renewable energy resources, as specified. (Public Resources Code §25233, 25619)
- 20) Requires the CPUC to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified requirements and objectives. Requires the electrical corporation, among other things, to include a showing in the procurement plan that the electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. Requires the CPUC, in determining the availability of cost-effective, reliable, and feasible demand reduction resources, to consider the findings regarding technically and economically achievable demand reduction in a specified demand response study. (Public Utilities Code §454.5)
- 21) Establishes the California Underground Facilities Safe Excavation Board, also known as the Dig Safe Board, within the OEIS. Generally requires an operator of a subsurface installation to become a member of, participate in, and share in the costs of, a regional notification center. Requires a record of all notifications by an excavator or operator to the regional notification center to be maintained

for a period of not less than three years and available for inspection. Requires an operator to maintain certain records on subsurface installations. Establishes prescribed notification procedures for an excavator who discovers or damages a subsurface installation. Requires a regional notification center to quarterly provide notification records to the California Underground Facilities Safe Excavation Board and to provide notifications of damage to the board within five business days of receipt at the regional notification center. (Government Code §4216 *et seq.*)

This bill:

1) Relevant to public financing for transmission projects:

- a) Creates the Public Transmission Financing Fund within the State Treasury for the purpose of financing eligible transmission projects, as defined, and projects that are necessary to meet the state's clean energy goals to reduce or offset ratepayer costs associated with the public benefits of transmission projects.
- b) Makes the moneys in the fund, except as specified, continuously appropriated, without regard to fiscal year, for the support of eligible entities, as defined, and available for expenditure for the above-described purpose. Makes an appropriation by establishing a continuously appropriated fund.
- c) Defines "eligible transmission project" for the purposes of public financing as a:
 - i) "competitive transmission project" – a new transmission line located, at least in part in the state and identified by the CAISO in its transmission planning process (TPP) as a project subject to competitive bidding;
 - ii) "merchant transmission project" – a transmission project where the costs are not eligible for recovery through the CAISO transmission access charge; or
 - iii) "utility transmission project" – a transmission project where an electrical IOU or local publicly owned electric utility (POU) has the primary responsibility for construction and ownership.
- d) Requires the I-Bank to administer the Public Transmission Financing Program (PTFP) to provide financial assistance and financing for eligible transmission projects, sponsored or owned, in whole or in part, by a public transmission sponsor. Authorizes the I-Bank to provide financial assistance under the PTFP to any public transmission sponsor or participating party either directly or to a lending or financial institution, in connection with the

financing or refinancing of a transmission project owned or financed, in whole or in part, by a public transmission sponsor, in accordance with an agreement or agreements, between the I-Bank and the public transmission sponsor either as a sole lender or in participation or syndication with other lenders.

- e) Authorizes the I-Bank to issue taxable or tax-exempt bonds, as specified, loan the proceeds to a public transmission sponsor, and deposit the proceeds into the PTFP or use the proceeds to refund bonds previously issued, as provided.
- f) Prohibits the I-Bank from providing financing or other support for eligible transmission projects that will recover costs through an authorized revenue requirement approved by the FERC unless the electric IOU or POU has selected their employees for the construction of the project or public transmission sponsor makes specified commitments, including those related to selecting only a prime contractor who has served as such for at least two transmission projects.
- g) Prohibits the I-Bank from financing an eligible transmission project unless certain conditions are met for the construction and maintenance of the transmission project and the transmission project complies with General Order 95 of the CPUC.
- h) Requires a public transmission sponsor of a transmission project that receives benefits from the PTFP to participate in the Wildfire Fund, as provided, and submit wildfire mitigation plans to the OEIS.
- i) Authorizes the CCPCFA to sponsor, finance, purchase, lease, own, operate, acquire, or construct eligible transmission projects. Authorizes the CCPCFA, for those transmission projects, to either seek a revenue requirement from the FERC for any eligible transmission project that will be operated by the CAISO or charge private generators, subscribers, and customers contracting for capacity on the eligible transmission project that is not under FERC's jurisdiction.
- j) Authorizes the CCPCFA, for a transmission project owned, developed or financed by the CCPCFA, to take certain actions.
- k) Authorizes the CCPCFA to seek financing assistance from any entity eligible to access the Public Transmission Financing Fund.
- l) Deletes the \$5 billion limit on the ability of the CCPCFA to issue bonds.
- m) Repeals the provisions that authorizes CCPCFA from financing or approving any new program, enterprise, or project on or after January 1, 2007, unless authority to approve such an activity is granted by statute enacted on or before January 1, 2007.
- n) Requires the CPUC, for any retail bill credits provided to customers of an electrical IOU by a public transmission sponsor to determine the allocation of the retail bill credits among customer classes and to require the credits to

be displayed as a separate line item on the customer bill indicating the source of the credit.

- o) Requires an electrical corporation, in a proceeding evaluating the issuance of a certificate for a proposed transmission project, to identify any public transmission sponsor that can provide public financing and assume a minority ownership interest in the project and evaluate the ratepayer savings that could be achieved through the use of a public transmission sponsor.
- p) Requires the CPUC to direct the electrical corporation to include a public transmission sponsor in the financing and ownership of the proposed transmission project if a sponsor is available and the ratepayer savings would be material.
- q) Requires the CPUC, on or before June 30, 2026, to open a proceeding to evaluate the benefits of using public transmission sponsors to partner with electrical corporations in the development of new transmission projects and to develop a standard methodology for determining ratepayer benefits.
- r) Requires the CPUC, on or before December 31, 2027, to submit a report to the Legislature that includes recommendations for statutory changes to support the successful use of public financing for transmission projects that provides maximum savings to ratepayers.

2) Relevant to wildfire mitigation plans (WMPs):

- a) Requires those actions to take into account the time required to implement the proposed mitigation and the amount of risk reduced for the cost and risk remaining.
- b) Requires electrical corporations to submit their WMPs at least once every four years (instead of every three years).
- c) Requires electric IOUs to submit a preliminary WMP at the earliest date one year before the filing of its general rate case application or concurrent with the filing of its Risk Assessment Mitigation Phase application.
- d) Requires the list identifying wildfire risks and drivers for those risks to also include particular risks and risk drivers associated with the speed in which wildfire risk mitigation measures can and will be deployed by the electrical corporation and a value of cost-per-avoided ignition for each risk or an explanation on why the value could be assigned to a particular risk, and requires the presentation of certain cost-effectiveness measures adopted by the CPUC.
- e) Repeals various references to the Wildfire Safety Division.

3) Relevant to electric IOU financing for undergrounding electrical infrastructure projects:

- a) Requires the CPUC to prohibit a large electric IOU from including in its equity rate base, in addition to the amount of fire risk mitigation capital expenditure, its share of the first \$15 billion expended in aggregate by large electric IOUs on infrastructure undergrounding projects, as defined.
 - b) Requires an electrical corporation to finance its share of those expenditures through a financing order with a fixed charge on customers' electric utility bills and sunsets the authorization for this securitization in ten years.
- 4) Relevant to local permitting support for clean energy:
- a) Creates the Permitting Local Assistance for Clean Energy (PLACE) Program, to be administered by the CEC, to facilitate and expedite the permitting of clean energy projects by local governments through the voluntary participation of project applicants and local permitting authorities.
 - b) Requires the program to establish a central pool of subject matter experts or consultants with experience in project siting and permitting that will be available to local permitting authorities upon request of those authorities, to establish a program fee range to be paid by the project applicant to the local permitting authority participating in the program that is in lieu of any other applicable fee charged by the local permitting authority, and to establish permitting timelines to be met by the local permitting authority participating program in order to receive additional state moneys through the program, as provided.
 - c) Specifies that a project applicant participating in the program is deemed to be in compliance with all applicable community benefits, labor, and developer agreement requirements imposed by law.
 - d) Establishes the PLACE Fund in the State Treasury and authorize moneys in the fund, upon appropriation by the Legislature, to be used for purposes of the program, including to support a local permitting authority by providing matching funds to offset the costs associated with local permit review and issuance, including the training or addition of permitting staff.
- 5) Relevant to statewide demand side management program review:
- a) Establishes the Statewide Demand Side Management Program Review Task Force within the CEC to identify all energy efficiency and demand response programs and evaluate the efficacy of those programs in advancing certain objectives.
 - b) Requires the task force, on or before July 1, 2026, to establish simple and objective rules to clarify when projects are eligible for energy efficiency and demand response investments and require agencies and program administrators of those programs, on or before January 1, 2027, to update

program rules to reflect those simple and objective rules after a period of public comment.

- c) Requires the task force, on or before July 31, 2026, to recommend program consolidation or closure of programs that do not advance those objectives and requires the agencies and program administrators, on or before January 1, 2027, to consolidate or close programs recommended after a period of public comment and appeal.
- d) Requires the CPUC, in determining the availability of cost-effective, reliable, and feasible energy efficiency and demand reduction resources in an electrical corporation's procurement plan, to implement the recommendations made by the task force.

6) Relevant to the Dig Safe Board:

- a) Requires a regional notification center to facilitate the exchange of planning and design information for electrical infrastructure undergrounding projects, as defined, and requires operators of a subsurface installation to participate in this exchange.
- b) Requires a regional notification center, upon request, to notify a California Native American tribe of proposed excavations within the geographic area with which the tribe is traditionally and culturally affiliated.
- c) Requires the Dig Safe Board to report to the Legislature on the advantages, barriers, and funding options for the development of an internet web-based planning and design platform for accomplishing the exchange of planning and design information and for allowing tribes to view plans for projects and to communicate with plan submitters.

Background

Rising electricity rates. Californians generally enjoyed lower energy bills when compared to the rest of the country, largely due to milder weather and investments in energy efficiency, even as electric rates have been higher than many other states. However, in more recent years, these trends have been changing as California's higher energy rates are also resulting in higher electricity utility bills. As such, there are growing concerns about the affordability of utility bills on household budgets and commercial and industrial entities' balance sheets. This as electricity rates have been outpacing inflation.

CPUC Response to Governor Executive Order N-5-24. On October 30, 2024, Governor Newsom issued Executive Order N-5-24 to address California's rising electricity costs and broader affordability concerns. The order directed the CPUC and the CEC to conduct a comprehensive review of all electric ratepayer-funded

programs under their jurisdiction, identifying those that drive up rates without delivering proportional benefits. It also calls for immediate action to sunset or modify underperforming or underutilized programs and return unused funds to ratepayers through bill credits. Additionally, the order instructs the CPUC and the CARB to propose improvements to the California Climate Credit, particularly for low-income customers, and requires Energy Safety and the CPUC to recommend adjustments to wildfire oversight processes to improve cost-effectiveness. All agencies were directed to report their findings and proposed actions to the Governor by January 1, 2025.

In February, the CPUC's response to the EO N-5-24 was released and shared with this committee. The CPUC's report noted three areas as "opportunities to control costs and reduce electricity bills." These included: 1) controlling the growth in utility spending; 2) find cost-sharing opportunities; and 3) implementing equitable rates to recover wildfire, public purpose program, and fixed costs. The report concluded with seven specific strategies:

- 1) All energy-related mandates should be assessed for overall cost-effectiveness;
- 2) Wildfire and emergency response costs should be paid for by non-ratepayer sources;
- 3) Integrate WMP strategies more fully into General Rate Case (GRC) processes;
- 4) Refine Net Energy Metering;
- 5) Redistribute the Climate Credit volumetrically;
- 6) Fund cost-shifting programs from non-ratepayer sources; and
- 7) Ensure programs benefitting all electric customers are supported by all customers, including POU customers.

Comments

Need for this bill. The author states:

California's ambitious clean energy goals require that renewable and zero-carbon energy resources supply 100 percent of electric retail sales to customers by 2045. In addition to needing to quadruple clean energy capacity, improving our infrastructure to adapt to climate change as well as electrifying all aspects of our economy will require an enormous expansion in new infrastructure. Unfortunately, it is becoming increasingly likely that relying solely on the traditional investor-owned utility financing and development model for deployment of this multi-billion-dollar infrastructure portfolio will result in substantial increased costs to ratepayers.

AB 825 offers a handful of solutions to reduce electric costs and drive down customer bills. These include preventing utilities from earning profits on the first \$15 billion they spend on undergrounding power lines, setting up a public financing program to help fund new transmission projects at lower cost, creating a task force to evaluate energy efficiency and demand-side programs for customers, launching a new program to help local governments permit clean energy projects with expert support and incentives, and updating the state's wildfire safety planning requirements.

Relevant to undergrounding electrical infrastructure and wildfire mitigation plans:

Wildfire mitigation as significant driver of costs in electric utility bills. The CPUC has stated that over the next several years, wildfire risk mitigation costs are projected to continue their upward trend. In a recent study by the Energy Institute at Haas “Risk-Cost Tradeoffs in Power Sector Wildfire Prevention”, the authors note that in 2023 WMPs, California electric IOUs proposed investing over nine billion dollars annually to reduce wildfire ignition risk. Pacific Gas & Electric (PG&E's) recent GRC included authorization to underground up to 1200 miles of electric distribution lines. This contributed to the overall rate increases that customers are experiencing with the expectation that more increases on rates are on the horizon. PG&E is also pursuing efforts to underground 10,000 miles of electric distribution lines in areas with high-fire risk with the intent to reduce wildfire ignition risk by approximately 99% as the best long-term solution for keeping customers and communities safe. In the case of Southern California Edison (SCE) and San Diego Gas & Electric (SD&G), their wildfire mitigation costs may be on a downward trend in the mid- to long-term, as much of their mitigation has been or will be completed, though they had less reliance on undergrounding lines as a primary strategy. SCE in particular has relied on covered conductor as a key strategy to reduce wildfire risks of its electrical lines. However, it is unclear whether the recent fires in Southern California will result in adjustments to its wildfire mitigation strategies.

Costs to underground electric utility infrastructure. Under SB 884 (McGuire, Chapter 819, Statutes of 2022) the CPUC must establish a program for expediting the undergrounding of large electric IOUs distribution infrastructure. Electric IOUs wishing to participate in the program must first submit their 10-year plan to OEIS for review who must approve or deny the plan within nine months. If OEIS approves the plan, the electric IOU submits an application to the CPUC for conditional approval of the plan's costs. The electric IOU must compare the costs and benefits of undergrounding to alternative system hardening and risk mitigation measures. While the electric utilities incorporate undergrounding efforts in their WMPs, it is a strategy that had been utilized for very few of their electric circuit

lines, largely due to costs in comparison to other mitigation options, and the long-lead time for undergrounding projects. According to data gathered from electric IOUs, and analyzed by the CPUC, converting overhead distribution infrastructure to underground can be 10 times more expensive than installing new distribution overhead lines and undergrounding of electric distribution lines can be eight times more expensive than insulating (covering) the conductors (wires) to prevent them from igniting when contacting vegetation and other foreign objects. Per the data collected from PG&E, SCE and SDG&E, the costs for undergrounding existing overhead distribution infrastructure can range between \$1.85 million to \$6.072 million per mile.

Costs of other mitigation measures. Generally, electric utilities are incorporating other wildfire mitigation measures that can be more cost-effective, including covered conductor, sectionalizing circuit lines, vegetation management, and operational controls such as fast-trips and public safety power shutoffs. Per the data collected by the CPUC, installing new overhead distribution infrastructure is much less expensive. On average, installing new overhead distribution infrastructure costs between \$634,000-\$760,000 per mile, according to the electric utilities' Rule 21 interconnection unit cost guides. PG&E has shared that their undergrounding efforts are averaging under \$3 million per mile and overhead upgrades are averaging just over \$1 million. The Energy Institute at Hass report on wildfire mitigation prevention measures notes that undergrounding power lines, despite the higher investment cost, is more cost effective than pruning and removing vegetation. However, new operational controls, especially the use of "fast-trip" settings is significantly more cost effective than other strategies.

Prohibition on ratebasing \$15 billion in undergrounding of electrical infrastructure. This bill mimics an approach approved in AB 1054 (Holden, Chapter 79, Statutes of 2019) pursuant to Public Utilities Code §8386.3(e), to prohibit electrical corporations from rate basing \$5 billion in wildfire mitigation investments on their respective systems. This bill expands that effort by prohibiting rate basing of an additional \$15 billion in the electrical corporations' aggregated expenses related to undergrounding electrical infrastructure. By excluding capital expenditures from equity rate base, the capital-related shareholder return on equity (ROE), (and associated income taxes) is removed from the utility's revenue requirement and replaced with less costly debt financing. As a result, implementing the capital exclusion from equity rate base is intended to save utility ratepayers money by reducing financing costs in rates. As the CPUC has noted, financing capital expenditures with debt is less expensive than financing with equity, because debt is viewed as less risky by investors and thus a lower risk premium is required by investors. The utilities in opposition to this bill raise concerns that this proposal could result in more expensive capital to operate the

utility overall, as investors could be rattled by the prohibition to earn a rate of return on their investments. While AB 1054 included similar provisions, it was packaged with other wildfire-related proposals, including the Wildfire Fund to help pay claims from covered wildfires ignited by utility infrastructure that investors likely viewed favorably. It is unclear whether the approach in this bill would have similar implications. Notably, SB 254 (Becker, 2025) and SB 256 (Perez, 2025) include similar provisions, though in the case of SB 254, the prohibition is for \$5 billion for wildfire mitigation and \$10 billion for energization projects. It's clear in the case of PG&E additional costs for undergrounding electrical infrastructure are likely to be a growing cost on electric utility bills for their customers. In this regard, this bill could help shield their customers from some of the costs of these investment. However, it is unclear if the other utilities anticipate utilizing their share of the \$15 billion for undergrounding. As this bill moves forward, the author and members may wish to consider if there a prohibition on the equity rate base should provide for investments for wildfire mitigation more broadly versus strictly undergrounding of electrical infrastructure.

Additional provisions intended to clarify roles of OEIS, CPUC, and Wildfire Safety Advisory Board (WSAB) relative to wildfire mitigation. The bill incorporate numerous changes to the roles of OEIS, CPUC, and WSAB proposed by the administration in SB 1003 (Dodd, 2024), in order to better align wildfire mitigation with the timing of electric IOUs' GRCs and to clarify the roles of each agency and the WSAB.

Relevant to transmission financing and ownership and clean energy buildout:

SB 100 (De León, Chapter 312, Statutes of 2018). SB 100 established the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50% by 2030 to 60%, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy. SB 100 also required CARB, CEC, and CPUC to issue a joint report by January 1, 2021, and at least every four years, that describes technologies, forecasts, affordability, and system and local reliability. The report is required to include an evaluation of costs and benefits to customer rate impacts, as well as, barriers to achieving the SB 100 policy. The first Joint Agency report was issued January 2021 and found that California would need to triple its current electric power capacity to achieve the 2045 goal.

CAISO 20-year Transmission Outlook. The CAISO embarked on creating a 20-Year Transmission Outlook for the electric grid, in collaboration with the CPUC and the CEC, with the goal of exploring the longer-term grid requirements and

options for meeting the state's GHG reduction and renewable energy objectives reliably and cost-effectively. The CAISO also intends for the expanded planning horizon to provide valuable input for resource planning processes conducted by the CPUC and CEC, and to provide a longer-term context and framing of pertinent issues in the CAISO's ongoing annual 10-Year Transmission Plan. The 20-year Outlook estimates \$45-\$63 billion in costs related to transmission development to support the 2045 goal.

Report to Governor on Priority SB 100 Actions. In September 2021, The CEC, CPUC, CARB, and CAISO published and sent a *Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-free Energy*. Among the many issues and recommendations included in the report was a discussion regarding transmission planning, permitting, and interconnection. The report notes that the build out of new electric transmission lines and upgrades to existing lines is "essential to support the interconnection of new resources." However, the report noted that over the past 10 years the cost of transmission for the average California ratepayer has increased by over 150%. Large transmission projects were identified as driving much of the increase. As a cost-cutting measure to help mitigate against increasing electric utility rates, the report recommended consideration of "statutory changes for the formation of a new entity for energy and transmission financing." The report specifically noted creation of a "California transmission authority as a new public benefits corporation that can, either on its own or through public private partnerships, fund and build new transmission projects needed to meet clean energy goals."

This bill includes various provisions to support clean energy infrastructure build-out, including supporting local permitting via the proposed PLACE funded by appropriations from future appropriations by the Legislature. This effort is intended to support local authorities as they address the permitting needs for clean energy buildout that will be needed to achieve the state's goals.

This bill also proposes public financing of transmission as an effort to support less expensive transmission financing and ownership by electric IOU. In the case of this bill, the new transmission financing program and financing fund would be available to a range of public sponsors including state agencies, local public agencies, tribal organizations or joint powers authorities. By authorizing the I-Bank to operate either independently or in syndication with other lenders, AB 825 encourages co-investment from private and public financing entities, broadening the pool of available capital and helping to accelerate the development of transmission infrastructure beyond what state resources alone could support. This committee heard from several stakeholders who shared their interest in public financing and opportunities for public ownership of transmission at the

affordability oversight hearing earlier this session. This bill along with SB 254 (Becker, 2025) include public financing and ownership of transmission. While SB 254 seeks the creation of a new clean energy authority to build transmission via public ownership and financing, this bill combines the financing authority of the I-Bank and provides new powers to a defunct entity existing solely in the statutes, the CCPCFA. A related bill, SB 330 (Padilla, 2025), also proposes public financing and public ownership, but provides the Governor with the authority to determine which projects among the CAISO's identified policy projects in the TPP would be supported by state agencies or local agencies.

Electric utilities raise concerns about all three approaches, suggesting the savings intended may not materialize. They propose public financing would be helpful, but the intended outcomes of these approaches may not yield the anticipated savings.

Caution! Wildfire Fund expanded. As proposed by this bill, the transmission projects that are authorized to be financed by the I-Bank or CCPCFA would be required to participate in the Wildfire Fund established by AB 1054 (Holden, 2018) to address future wildfire liabilities from fires after the bill's enactment for large electric IOUs who participate in the fund. AB 1054 also established the formula for contributions, including half paid by shareholders and the other collected from ratepayers via a charge on their utility bills to capitalize \$21 billion in claims paying capacity. The fund was never envisioned to include other entities, although there had been discussions about publicly owned utilities, but those were ultimately dismissed given the disproportionate risks among POUs and IOUs. This bill would require participation in the fund from new transmission owners who would likely pass these costs on to the same customers already contributing to the fund which would raise questions of fairness and equity. Additionally, the future of the Wildfire Fund is a topic of discussion that merits a separate broader policy, given the anticipated level of damages from the Eaton Fire, should those damages be the result of an ignition by SCE's infrastructure. In this regard, as this bill moves forward the author and committee members may wish to consider a Wildfire Fund provision should remain in this bill.

Relevant to Demand response /Energy Efficiency programs

This bill builds off AB 3264 (Petrie-Norris, Chapter 762, Statutes of 2024) which included a suite of proposals to help address energy costs. There are reports of the CPUC expected by July 1 of this year to identify programs that are not cost-effective. Perhaps in anticipation of these reports, this bill would require a taskforce to review programs funded by ratepayers for demand response and energy efficiency and sunset programs that are not cost-effective or needed. Many of the opponents raise concerns about the proposal in the bill to do away with

programs that they argue provide benefits, even if they do not meet a cost-effectiveness threshold. Additionally, others raise concerns that this proposal is too far reaching and could usurp authorities of local entities, including Community Choice Aggregators and POUs. Given the amount of work needed to review these programs, the author and committee members may wish to consider limiting the review of the programs to those under the direct jurisdiction of the CPUC.

Dual referral: This bill is being heard in the Senate Business, Professions and Economic Development Committee on July 14, 2025.

Prior/Related Legislation

SB 254 (Becker) of 2025, includes various proposals to address electric utility bill affordability, including electric transmission infrastructure financing, permitting and deployment; permitting of clean energy infrastructure, including energy storage facilities; and various proposals to address electricity utility bills, including prohibiting equity rate basing by electrical corporations of \$15 billion in capital investments.. The bill is pending in the Assembly Utilities and Energy Committee.

SB 256 (Perez) of 2025, includes various provisions related to addressing wildfire mitigation by electrical corporations, including a reference to prohibiting equity rate basing of specified wildfire mitigation by electric IOUs. The bill is pending in the Assembly Utilities and Energy Committee.

SB 330 (Padilla) of 2025, authorizes the Governor to establish projects to develop, finance, or operate electrical transmission infrastructure that meets specified requirements. The bill is pending in the Assembly Utilities and Energy Committee.

SB 332 (Wahab) of 2025, includes various proposals, including consideration of underground of electrical infrastructure within an electrical corporation's WMP. The bill is pending in the Assembly Appropriations Committee.

SB 769 (Caballero) of 2025, establishes the Golden State Infrastructure Corporation within the State Treasurer's Office as a not-for-profit corporation for the purpose of financing infrastructure projects. The bill is pending in the Assembly Appropriations Committee.

AB 3264 (Petrie-Norris, Chapter 762, Statutes of 2024) included a suite of proposals to help address energy costs. These include: requiring the CPUC to develop a framework to address energy costs from electricity, natural gas, gasoline, and propane; and requiring the CPUC to submit a study to the Legislature on

options to reduce costs on ratepayers of expanding the electrical transmission system.

SB 1003 (Dodd) of 2024, (nearly identical to some provisions in this bill) would have made numerous changes to the processes for addressing wildfire mitigation by electrical corporations, and other electric utilities, including clarifying the roles of relevant state agencies in addressing wildfire risk; and requires electrical corporations to take into account both the amount of wildfire risk reduction for the cost-effectiveness and time value of the proposed mitigation measure within the utility's WMP. The bill was held on the Assembly Floor.

SB 884 (McGuire, Chapter 819, Statutes of 2022) required the CPUC to establish an expedited electric utility distribution infrastructure undergrounding program for large electrical corporations. Required the OEIS to approve or deny the plan within nine months and requires additional actions and reports.

SB 887 (Becker, Chapter 358, Statutes of 2022) adjusted the planning horizon for the annual electricity transmission plan from 10-years to 15-years, and required approval of at least two transmission projects as part of the CAISO 2022-23 TPP.

SB 1032 (Becker) of 2021, would have established a new Clean Energy Infrastructure Authority as a public instrumentality of the state for the purpose of leading the state's efforts to build critical electrical transmission infrastructure necessary to enable the state to transition to 100% clean energy.

AB 111 (Committee on Budget, Chapter 81, Statutes of 2019) created OEIS within the Natural Resources Agency, under the supervision of a director appointed by the Governor, to oversee electrical corporations' WMP.

AB 1054 (Holden, Chapter 79, Statutes of 2019) included numerous provisions related to addressing wildfires caused by electric utility infrastructure, including: bolstering safety oversight and processes, such as required updates to each electric corporation's WMP, recasting recovery of costs from damages to third-parties, including the authorization for an electrical corporation and ratepayer jointly funded Wildfire Fund to address future damages, and changes to provisions concerning the workforce of a change of ownership of a full or portion of an electrical or gas corporation.

SB 901 (Dodd, Chapter 626, Statutes of 2018) addressed numerous issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, WMPs by electric utilities, and cost recovery by electric corporations of wildfire-related damages.

SB 1028 (Hill, Chapter 598, Statutes of 2016) required electric CPUC-regulated utilities to file annual WMP and requires the CPUC to review and comment on those plans.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: Yes

SUPPORT:

The Utility Reform Network (Sponsor)
The Climate Center
Net-Zero California

OPPOSITION:

Advanced Energy United, unless amended
California Efficiency + Demand Management Council, unless amended
North American Wood Pole Council
Pacific Gas and Electric Company
San Diego Gas and Electric Company
Silicon Valley Clean Energy, unless amended
Southern California Edison
Treated Wood Council
Western Wood Preservers Institute

ARGUMENTS IN SUPPORT: According to the Climate Center:

Infrastructure costs in California have reached unsustainable levels, placing a significant financial burden on ratepayers and underscoring the urgent need for more cost-effective development strategies. This bill addresses the issue by promoting public partnerships in transmission projects, which help lower the overall expenses of developing and maintaining essential energy infrastructure.

The Utility Reform Network (TURN) appreciates that this bill contains a number of major provisions designed to promote electric ratepayer affordability. According to TURN:

Given the affordability challenges caused by rapidly rising electricity rates, the Legislature should recognize the importance of prioritizing strategies that can lower the costs of future transmission development that are passed through to customers. TURN urges the Legislature to seize this opportunity.

Net-Zero California states:

Public financing for transmission infrastructure, especially where it reduces or eliminates return on equity, is one of the most effective ways to reduce the long-term costs of improving our energy grid...An alternative approach, using lower-cost public financing and public ownership, much like is already used for many other types of large infrastructure, would result in huge savings for customers. Scaling up this approach would deliver proven economic savings to customers across the state. Research commissioned by Net-Zero California and the Clean Air Task Force indicates the potential for up to \$3 billion in annual ratepayer savings through a combination of low-cost public debt, modified institutional structures instead of IOU rate of return profits, lower taxes, and increased competition.

ARGUMENTS IN OPPOSITION: California Efficiency and Demand Management Council states, “California already has a mechanism for managing the energy efficiency and demand side management portfolio through the California Public Utilities Commission. Absent a due process framework, the proposed Task Force risks adding another layer of bureaucracy to an already complex regulatory environment.”

Advanced Energy United also asks to remove provisions that it states could “enable the elimination of beneficial demand-side programs without due process and that give utilities additional authority to implement new fixed charges.” The organization supports the bill’s goals to reduce ratepayer costs through public financing of transmission infrastructure California urgently needs, as well as the use of Proposition 4 funds to fast track this process.

Several CCAs, including California Community Choice Association, Silicon Valley Clean Energy, Marin Clean Energy, San Diego Community Power express concerns regarding the bill’s proposal to establish a statewide taskforce to review energy efficiency and demand response programs funded by electric ratepayers, including those overseen and managed by them (or expected to be). They believe this infringes on the authority of their local governing boards to determine their own program offerings.

San Diego Gas and Electric states:

AB 825 would reduce SDG&E customer bills by less than \$1 per year, or ~\$0.08 per month, in the first year, and peak at about \$1.50 in savings per year, or ~\$0.12 per month, after seven years. These minimal savings are likely to be erased by increasing costs for investor-owned utilities (IOUs) to attract low-cost

capital investments. As IOUs become less attractive to investors, they will have to obtain financing at higher rates. Those increased costs will flow straight back onto customer bills for decades. This complex legislation revives dormant state agencies, expands bureaucratic oversight, and imposes new financing requirements—all without meaningful input from the people who understand how the electric grid actually works. It is evident in the flawed provisions of AB 825 that effective policy requires careful planning, not rushed decisions that sound good but create unintended consequences. For example, AB 825 would make the Dig Safe Board responsible for information sharing associated with planning and design of undergrounding projects—areas far beyond its established expertise in excavation safety. While presented as a measure to streamline undergrounding, these provisions could overwhelm the existing DigAlert system, strain IOU and third-party resources, and increase the risk of delays or errors.

The Western Wood Preservers Institute, North American Wood Pole Council, and Treated Wood Council write “If the majority of utility lines were to be undergrounded, the number of incidents—such as gas accumulation, arc faults, cable insulation failures, and delayed emergency access—would increase significantly. Since the current rate of failures and safety hazards is already a concern for such a small percentage of buried lines, massively increasing that percentage would proportionally raise the total number of these dangerous events. This presents a clear risk, not only to utility workers and infrastructure but also to public safety, especially in urban environments with high pedestrian traffic... For wildfire protection, there are new technologies used to protect wood poles from fire. Pole wraps have emerged as an effective and economical way to protect poles against fire. These wraps can be applied to new poles as well as those in the field. Wraps can be applied using common tools and the labor required to protect the poles is minimal compared to the labor required for undergrounding. We ask that you consider pole wraps, and the installation cost to the cost and safety of undergrounding lines. Ratepayer or taxpayers, someone has to pay for expensive underground systems. We are concerned with the assumption that undergrounding utility infrastructure is safer and more reliable than overhead lines.”

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