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California State Assembly

UTILITIES AND ENERGY



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BACKGROUND

Wednesday, February 25, 2026
9:30am
1021 O Street, Room 1100

Energy Entities' Progress Report

State law requires the leadership of several state energy agencies and the California Independent System Operator (CAISO) to appear before the Legislature and report on their activities. This is an annual requirement of the California Public Utilities Commission (CPUC) President,¹ the Public Advocates Office (PAO) Director,² and the CAISO's Chief Executive and Board of Governors' Chair.³ For other energy institutions – such as the Dig Safe Board within the Office of Energy Infrastructure Safety (Energy Safety) – statute requires legislative committees' review their activities at least every three years.⁴

Over the past several years, this committee has ensured these obligations were met by holding informational and oversight hearings with these principals on specific topics of relevance and interest to committee membership. However, the scope and complexity of these energy institutions' portfolios periodically warrant a forum through which the committee may examine topics that have not yet been the subject of standalone oversight hearings. Moreover, as the Newsom administration enters its final year, now is an appropriate moment to assess the cumulative outcomes and impact of these organizations' work during this period.

The purpose of this oversight hearing is to provide just such a forum. The committee will welcome the principals of the CPUC, PAO, CAISO, Energy Safety, and the California Energy Commission (CEC) to provide overviews of their activities and answer questions spanning their duties. Today's hearing fulfills both a statutory purpose and provides a timely opportunity to evaluate the state of California's energy institutions prior to a consequential moment of transition. Members should note that the committee is planning upcoming oversight hearings on customer programs,⁵ petroleum, electric grid reliability, and wildfire funding; and are encouraged to reserve related questions for those dedicated hearings.

¹ Public Utilities Code § 321.6

² Public Utilities Code § 309.5 (b)

³ Public Utilities Code § 345.1

⁴ Government Code § 4216.12 (c)

⁵ Energy efficiency and demand response

I. Brief Primers on the Energy Entities.

California Public Utilities Commission. The CPUC was established in 1911 by a constitutional amendment⁶ as the *Railroad Commission*, in part to address monopolistic practices by Southern Pacific Railroad. In 1912, the state Legislature passed the Public Utilities Act, expanding the agency’s regulatory authority to include natural gas, electricity, telecommunication, and water companies, in addition to railroads and marine transportation companies. In 1946, the Railroad Commission was renamed the CPUC.

Today, the CPUC establishes policies and rules for electricity and natural gas rates and services provided by private utilities in California. These include the large electric and gas investor-owned utilities (IOUs) - Pacific Gas and Electric (PG&E), San Diego Gas and Electric (SDG&E), Southern California Edison (SCE) and the Southern California Gas Company (SoCalGas). In addition, the CPUC regulates telecommunication, water, rail, and transportation companies; however, many of these duties are outside the scope of this committee’s jurisdiction and will be subject to oversight within the Assembly Committee on Communications and Conveyance.

The CPUC’s regulations and policies are designed to protect consumers and ensure that private utility services and infrastructure are safe, reliable, and affordable. The CPUC also creates and implements policies aimed at deploying clean energy resources and ensuring reliability. As such, the CPUC conducts extensive work in energy policy and program development. The CPUC is overseen by five commissioners appointed by the Governor and confirmed by the state Senate. The Governor designates the president, and commissioners serve staggered six-year terms. The CPUC currently has 1,375 employees⁷ and an annual expenditure in 2024-2025 of approximately \$167 million.⁸

Public Advocates Office.⁹ The PAO is an independent state entity within the CPUC tasked with representing and advocating on behalf of public utility customers. Particular focus and staff time are given to ratemaking proceedings such as General Rate Cases but also extends to policy areas such as integrated resource planning, resource adequacy, electrical transmission planning, wildfire safety, public purpose programs and broadband policy.

Originally, the PAO was housed within the Public Staff Division at the CPUC, which functioned as both advocates in formal regulatory proceedings as well as advisors. In 1984, the CPUC reorganized the functions of the Public Staff Division to improve efficiency of staff and resources, and the Public Staff Division was renamed the Division of Ratepayer Advocates (DRA). In 1996, the DRA gained independence through SB 960 (Sher, Peace, Leonard, Chapter 856, Statutes of 1996) with respect to policy, advocacy, and their operating budget. Moreover, the DRA Director became a gubernatorial appointee, subject to Senate

⁶ Article XII of the California Constitution

⁷ 1375 = 1543 – 168 from the PAO (as those PAO employees are counted separately for this document, below). And more accurately noted as “filled positions” which is not equivalent to a headcount, but is approximate.

⁸ \$167 = \$189 - \$22 from PAO; Pg. 34 of Department of Finance table for General Government; https://dof.ca.gov/media/docs/budget/historical-budget-information/historical-budget-publications/2026-27/2026-27-salaries-and-wages/General_Government.pdf

⁹ Stylistic note: Statute uses the possessive “Advocate’s” in PAO’s name; however, the PAO website and internal literature drop this possessive. We are mirroring that preference here.

confirmation. In 2005, SB 608 (Escutia, Chapter 440, Statutes of 2005) strengthened the organization by providing it with autonomy over its budget and staffing resources and authorizing the appointment of a full-time Chief Counsel. In 2013, SB 96 (Committee on Budget, Chapter 356, Statutes of 2013) provided DRA more autonomy by making it an independent program within the CPUC. The DRA was renamed the Office of Ratepayer Advocates (ORA), and then in 2018, the Public Advocates Office¹⁰ to better convey the Office's mission. Recently, the PAO created a new Safety Branch and added new permanent wildfire safety positions in 2020 to help implement SB 901 (Dodd, Chapter 626, Statutes of 2018). The PAO currently has 168 employees¹¹ and an annual expenditure in 2024-2025 just under \$22 million.¹²

California Independent System Operator. The CAISO was established by AB 1890 (Brulte, Chapter 854, Statutes of 1996) during the state's deregulation of the electricity market. The CAISO is a federally regulated, nonprofit public benefit corporation – designated as a 501(c)(3) – responsible for operating the high-voltage, long-distance electric transmission lines that make up approximately 80% of California's and a small part of Nevada's electric system. The CAISO is also responsible for facilitating California's multibillion dollar wholesale electric power market.

Although California's participating transmission owners (mainly California's electric IOUs¹³) retain ownership of their transmission infrastructure, the CAISO independently manages the flow of electricity across the system — functioning much like an air traffic controller for the grid. This arrangement allows the CAISO to optimize the electric transmission system to bring online a diverse portfolio of energy and storage resources. The CAISO also ensures that electricity flows as intended within federal operational standards, keeps supply in balance with demand on a five-minute basis, and plans for any needed expansion or upgrades to the electric transmission system.

Furthermore, the CAISO matches buyers and sellers of electricity and facilitates market transactions every day to ensure enough electricity is available to meet demand. These markets include the Western Energy Imbalance Market (WEIM), and – more recently – the Extended Day Ahead Market (EDAM). The WEIM is a real-time bulk power trading market involving 22 participants across 11 western states (representing 80% of the load of the Western Interconnection) that trade the difference between the day-ahead forecast of power and the actual amount of energy needed to meet demand in each hour. Energy trade in the WEIM is limited and intermittent. Currently, the WEIM handles generation that a participant considers surplus at the last minute. Since its creation in 2014, the WEIM has saved its participants approximately \$8.2 billion.¹⁴

¹⁰ SB 854 (Committee on Budget, Chapter 51, Statutes of 2018)

¹¹ More accurately noted as “filled positions” which is not equivalent to a headcount, but is approximate.

¹² Pg. 29 of Department of Finance table for General Government;
https://dof.ca.gov/media/docs/budget/historical-budget-information/historical-budget-publications/2026-27/2026-27-salaries-and-wages/General_Government.pdf

¹³ Though there are a share of publicly owned utilities that are part of CAISO

¹⁴ CAISO news release, “Western Energy Imbalance Market Surpasses \$8 Billion in Total Benefits Since Inception,” February 13, 2026, <https://www.caiso.com/about/news/news-releases/western-energy-imbalance-market-surpasses-8-billion-in-total-benefits-since-inception>

The EDAM is scheduled to launch in 2026 with the participation of PacifiCorp and Portland General Electric. Additional participants including LADWP and the Balancing Authority of Northern California (BANC) are committed to join in 2027. The EDAM is designed to deliver additional benefits to those realized in the WEIM through greater reliability coordination and resource optimization by offering resources a day ahead. The EDAM design was approved in February 2023, and the associated tariff has been approved by the FERC. The CAISO has no financial interest in the wholesale electric power market and ensures that a broad range of resources have access to the electric transmission system.

The CAISO is led by a five-member Board of Governors. Each member is appointed by the Governor and confirmed by the state Senate after a comprehensive selection process by the Board Nominee Review Committee. Members serve staggered three-year terms. The CAISO had annual operating expenses in 2024 of \$293 million,¹⁵ according to their Internal Revenue Service Form 990 filing.¹⁶

Office of Energy Infrastructure Safety. Energy Safety¹⁷ was established on July 1, 2021, in response to the increase of wildfires connected to utility-related infrastructure failures. The purpose of this agency is to drive energy infrastructure risk reduction in California. Energy Safety is comprised of two directorates: the Electrical Infrastructure Directorate and the Underground Infrastructure Directorate. While originally established with the mandate of wildfire safety, on January 1, 2022,¹⁸ the Underground Facilities Safe Excavation Board joined Energy Safety and thereby expanded its role to energy infrastructure risk reduction broadly.

The guiding principles of Energy Safety are to deliver near-term results while promoting a long-term utility vision to reduce wildfire and underground risk and to build safety cultures. To achieve these goals, measures are being implemented to ensure an integrated, utility-related wildfire mitigation and underground safety approach. These include incorporation of local perspectives into a utility's process to reflect community differences; supporting decision making with data and analytics; and, when possible, exercising innovative problem solving for developing new utility wildfire and underground safety solutions. The most public-facing aspect of Energy Safety's work involves overseeing the development and implementation of utility Wildfire Mitigation Plans (WMPs) and IOU safety certificates.

Energy Safety is overseen by a director appointed by the Governor and is a separate department under the California Natural Resources Agency. Energy Safety currently has 166 employees¹⁹ and an annual expenditure in 2024-2025 just under \$18 million.²⁰

California Energy Commission. The CEC was established in 1974 by the Warren-Alquist Act in response to the 1970s oil embargo and the state's anticipated energy demand. As the

¹⁵ <https://projects.propublica.org/nonprofits/organizations/943274043>

¹⁶ <https://projects.propublica.org/nonprofits/organizations/943274043/202503149349302035/full>

¹⁷ Stylistic note: the Office prefers the title "Energy Safety" over the abbreviation "OEIS." We have adopted that preference here.

¹⁸ Pursuant to SB 865 (Hill, Chapter 307, Statutes of 2020), which amended GOV code § 4216.12

¹⁹ More accurately noted as "filled positions" which is not equivalent to a headcount, but is approximate.

²⁰ Pg. 17 of Department of Finance table for Natural Resources; https://dof.ca.gov/media/docs/budget/historical-budget-information/historical-budget-publications/2026-27/2026-27-salaries-and-wages/Natural_Resources.pdf

state's primary energy policy and planning agency, the CEC is committed to reducing costs and environmental impacts of energy use, while ensuring a safe, resilient, and reliable supply of energy. To achieve these goals, the CEC is tasked with the following seven core responsibilities:

1. Forecasting electricity and natural gas demand to ensure adequate supplies are developed [via the Integrated Energy Policy Report (IEPR)].
2. Promoting energy efficiency and conservation by setting the state's appliance and building efficiency standards [California Appliance Standards – Title 20 and California Green Building Standards – Title 24].
3. Investing in energy innovation that advances energy science and technology through research, development, and demonstration projects [via the Electric Program Investment Charge Program (EPIC) and natural gas research].
4. Developing renewable energy resources.
5. Advancing alternative and renewable transportation fuels, vehicles, and technologies.
6. Certifying thermal power plants greater than 50 megawatts and providing voluntary permitting process for clean energy resources.
7. Planning for and directing state response to energy emergencies.

In addition to these seven core responsibilities, the CEC also has some regulatory authority over the state's publicly owned utilities (POUs). For example, the CEC verifies eligible renewable energy resources procured by POUs for compliance with the Renewables Portfolio Standard (RPS). The CEC also verifies the Power Content Label – an annual disclosure of an entity's power mix and emissions – for all statewide retail suppliers, POUs included.²¹

The CEC is made up of five commissioners appointed by the Governor and confirmed by the state Senate. Commissioners serve staggered five-year terms. The Governor also designates a chair and vice chair as primary agency leads. The CEC currently has 880 employees²² and an annual expenditure in 2024-2025 of approximately \$104.6 million.²³ It should be noted that the Department of Finance estimates CEC expenditures for fiscal year 2025-26 quadrupled, increasing to almost \$450 million, due to over \$354 million allocated for temporary help;²⁴ with the largest jumps arising from the energy efficiency division²⁵ and energy research and development division.²⁶

II. Some Topics or Questions for the Energy Entities.

California Public Utilities Commission. While the CPUC's mandate is broad, the committee may wish to seek input or inquire about the following topics:

²¹ <https://www.energy.ca.gov/programs-and-topics/programs/power-source-disclosure-program/power-content-label/annual-power-5>

²² More accurately noted as “filled positions” which is not equivalent to a headcount, but is approximate.

²³ Pg. 31 of Department of Finance table for Natural Resources; https://dof.ca.gov/media/docs/budget/historical-budget-information/historical-budget-publications/2026-27/2026-27-salaries-and-wages/Natural_Resources.pdf

²⁴ Pg. 31 *Ibid.*

²⁵ From \$12.2m 2024-25 to \$104M 25-26

²⁶ From \$18M in 2024-25 to \$168M 25-26

1. *Electric Energization*: AB 50 (Wood, Chapter 317, Statutes of 2023) and SB 410 (Becker, Chapter 394, Statutes of 2023) implementation. The bills created new accountability standards for the electric IOUs and tasked the CPUC with establishing timelines for customer energization. In September 2024, the CPUC issued its first implementing decision,²⁷ setting 182 days as the average timeline for most energizations and establishing a maximum timeline of roughly one year – with some variation above and below that threshold depending on the project.²⁸ The CPUC is now considering “Flexible Service Connections” to allow IOUs to bring customers online even quicker.²⁹ Additionally, for PG&E alone, the CPUC has authorized almost \$3.7 billion in incremental energization costs for 2024-2026; 95% above the level approved in PG&E’s 2023 General Rate Case.³⁰

As of the last IOU filing in September 2025, PG&E reported an average energization (for Rule 16 projects – new service lines to new meters) of 118 days with 98% of jobs under the maximum number of days;³¹ Edison reported averages for all project types of approximately 147 days;³² while SDG&E’s Rule 16-only projects averaged 97 days.³³ The times for other customer energization processes varied; this is just a sample.

Despite this progress, the Legislature is still often faced with concern and frustration from customers (large and small) experiencing delays in utility energization. The Committee may wish to ask the CPUC:

- *IOUs are reporting averages well below the 182-day benchmark — is the CPUC considering revising the timeline downward to reflect what utilities are demonstrating as capable of achieving?*
- *Most information is not uniform across the IOUs – is there a plan to standardize reporting across utilities so comparisons are more meaningful? How can the CPUC be confident in the accuracy of these data?*
- *What happens when a utility exceeds the maximum timeline? What enforcement mechanisms has the CPUC put in place (since the passage of SB 254, 2025), and have any penalties been triggered?*
- *How much faster are Flexible Service Connections expected to bring customers online compared to current timelines?*
- *Are there reliability or safety tradeoffs associated with Flexible Service Connections that the CPUC is weighing?*

²⁷ D. 24-07-012

²⁸ <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/transportation-electrification/energization/fact-sheet-energization-091224.pdf>

²⁹ “Flexible Service connections” let electric utilities manage grid constraints by briefly limiting power during peak or emergency conditions, while allowing customers – like EV charging sites or electric bus fleets – to connect faster.

³⁰ Public Advocates Office 2025 Annual Report, pg. 8

³¹ https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/infrastructure/energization/pge-biannual-energization-report-public_20250930.pdf

³² https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/infrastructure/energization/sce-public_attachment-b-energization_report_20250930.xlsx

³³ https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/infrastructure/energization/sdge-r24-01-018-biannual-energization-report_20250930.pdf

- *Are energization timelines consistent across different customer types and regions, or are there disparities — particularly for lower-income communities or disadvantaged areas? Is the CPUC even tracking this?*
 - *How is the CPUC ensuring cost containment and prudent spending of resources while IOUs reach these timelines?*
2. *Decarbonization Zone Pilots: SB 1221 (Min, Chapter 602, Statutes of 2024)* established a voluntary “zonal decarbonization program” and required the CPUC to designate priority neighborhood zones. Decarbonization zones will be geographic areas where the CPUC may authorize projects facilitating the transition of some customers’ natural gas service to zero-emission alternatives. If successfully, the CPUC may remove the gas utility’s obligation to provide gas service in the project area.

The CPUC is currently seeking public input on what neighborhoods would be “priority decarb zones,” after designating initial zones in December 2025.³⁴ This process resulted in 151 census tract initial zones statewide. The CPUC has directed PG&E, SoCalGas, SDG&E, and Southwest Gas to each host and record one virtual SB 1221 information session for government representatives, community organizations, and members of the public in their service territory between January 15 and March 15, 2026. The intent of the information sessions is to inform revisions to the initial decarbonization zones. The CPUC will update the zones by December 31, 2026, and may do so earlier.

According to statute the CPUC may approve up to 30 pilots; but only locations that receive consent from 2/3rds of property owners with gas service in the area will be authorized. It is unclear the level of community – or Member – awareness and engagement in these decarbonization zones, or the potential impact to homes or businesses if the designated area were chosen to move forward as a pilot.

The Committee may wish to ask the CPUC:

- *Can the CPUC provide a high-level overview of where the 151 zones are located? Equally distributed throughout the state or concentrated in specific regions or affecting specific demographic populations?*
- *How is the CPUC ensuring that residents and businesses in the designated census tracts are meaningfully informed about what designation as a priority zone could mean for their gas service?*
- *Are the utility-hosted information sessions reaching the communities most directly affected, particularly non-English speaking and lower-income households?*
- *What is the current level of awareness among property owners that a 2/3 consent threshold could ultimately result in the permanent removal of their natural gas service?*

³⁴ https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/natural-gas/sb1221/fact-sheet_forspring2026utilmtgs_sb_1221.pdf

- *What protections are in place for property owners – particularly renters and small businesses – who do not consent but are outvoted by the 2/3 threshold?*
 - *What happens to customers who cannot afford or are unable to transition to zero-emission alternatives if a pilot moves forward in their area?*
 - *How will the CPUC assess the cost impact on homes and businesses before authorizing a pilot zone?*
 - *With up to 30 pilots authorized under statute, what metrics will the CPUC use to evaluate whether a pilot is "successful" before removing a gas utility's service obligation?*
3. *Integrated Resource Planning (IRP):* the CPUC is the lead state agency on electricity resource (i.e., generation) planning, primarily driven by its IRP process. On January 14, 2026, the CPUC issued a proposed decision recommending California order an additional 6 GW of clean energy capacity to be procured between 2029 and 2032, specifically to capture expiring federal tax credit benefits before they phase out under H.R. 1.³⁵ Multiple parties recommended this action, noting that recent federal policy changes are expected to increase costs significantly for utility-scale solar and onshore wind.

However, this proposed decision – to be voted on at the CPUC on Thursday (February 26th)³⁶ – is not without its controversy. For instance, the proposed decision reduced the amount of onshore, in-state wind by 5.3 gigawatts (GW), a dramatic change largely justified by the loss of federal tax credits for these projects.³⁷ Moreover, it selected up to 19 GW of out-of-state wind by 2045; a significant increase that many parties have noted is “highly speculative”³⁸ and its transmission “considerably more challenging to plan for.”³⁹ However, the CPUC only requested that last year’s final results of the amount of out-of-state (and offshore) wind – not this PD’s plans – be transmitted to CAISO, “in the event not all of the ... wind resources materialize.”^{40,41}

The Committee may wish to ask the CPUC:

- *The proposed decision is explicitly timed around expiring federal tax credits under H.R. 1 — how confident is the CPUC that these credits will actually phase out on the expected timeline, and what happens to the procurement mandate if federal policy shifts again before 2029?*

³⁵ CPUC, Proposed Decision Requiring 2,000 MW by 2030 and an Additional 4,000 MW of Net Qualifying Capacity by 2032, Order Instituting Rulemaking (R.25-06-019), January 14, 2026, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M595/K083/595083681.PDF>

³⁶ Item 40 on Public Agenda 3577, pg. 41;

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M600/K861/600861794.pdf>

³⁷ Compare the January 14, 2026, proposed decision in R. 25-06-019 with the CPUC’s D. 25-02-026.

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M595/K083/595083681.PDF>

³⁸ SCPA and PCE at pg. 56, January 2026 PD in R. 25-06-019, *Ibid.*

³⁹ PG&E at pg. 58, January 2026 PD in R. 25-06-019, *Ibid.*

⁴⁰ Pg. 61, January 2026 PD in R. 25-06-019, *Ibid.*

⁴¹ See Table 7, pg. 61, *Ibid.*; out-of-state wind remains unchanged from 24-25, 25-26, and 26-27 TPP reservations.

- *Multiple parties called the 19 GW of out-of-state wind "highly speculative" — on what basis did the CPUC select this amount, and what contingency planning exists if those resources don't materialize?*

Public Advocates Office.⁴² While the PAO is involved in everything raised above related to the CPUC – and will likely have feedback on the points raised – the PAO has also led on initiatives that the committee may wish to focus on during their testimony. These include:

1. *Key Affordability Reforms:* PAO has advocated for affordability reductions across the energy sector. Much of the advocacy occurs through the IOU general rate case proceedings, but the PAO has also sought reforms to:
 - a. consolidate and close outstanding IOU balancing and memorandum accounts;
 - b. move more fixed system cost into a “basic service charge” (formerly known as a “fixed charge”); and
 - c. close or reform non-cost-effective energy efficiency programs.

Each of these reforms could occupy a hearing’s worth of discussion; however, the Committee may seek to ask the PAO, generally:

- *What is the PAO's overall assessment of whether utility bills have become more or less affordable for average customers over the course of this administration, and where does it see the greatest remaining opportunities for relief?*
- *What has been the PAO's – or CPUC's? – success rate in getting the balancing and memorandum accounts consolidated or closed, and what are the main obstacles?*
- *The fixed charge has been a contentious reform — how does the PAO the adoption of a middle-income tier? Are there any outstanding concerns?*
- *Of these three reform areas, where does the PAO believe it has had the most meaningful impact, and where has progress fallen short of what ratepayers need?*

California Independent System Operator. As part of AB 825 (Petrie-Norris, Chapter 116, Statutes of 2025), the CAISO is required to submit an annual report by February 1st of each year that must include any changes to its federal tariff, the status of policy initiatives, actions undertaken by its Board of Governors, and actions taken within its transmission planning process. These activities were timely submitted to committee as part of the CAISO’s annual report, and provide a good foundation for committee to inquire during the testimony. Specifically, the committee may wish to examine:

1. *Market Updates:* CAISO has steadily expanded its regional market presence through the Western Energy Imbalance Market (WEIM) and the forthcoming Extended Day-Ahead Market (EDAM). As noted above, the WEIM, launched in 2014, has grown to encompass over 22 balancing authorities across the Western Interconnection and has generated approximately \$8.24 billion in cumulative benefits since inception, primarily through more efficient real-time dispatching and reduced renewable

⁴² Stylistic note: Statute uses the possessive “Advocate’s” in PAO’s name; however the PAO website and internal literature drop this possessive. We are mirroring that preference here.

curtailment. Building on the WEIM framework, CAISO developed EDAM — a voluntary day-ahead market — which has received full FERC approval and is expected to launch in 2026 with PacifiCorp and Portland General Electric as initial participants.

Projected annual benefits for a fully subscribed EDAM could reach up to \$1.2 billion west-wide, though those figures are based on modeling assumptions and will depend heavily on the pace and breadth of participation. Outstanding design questions, including greenhouse gas cost allocation across state lines, remain unresolved and could affect both the market's functionality and California's ability to meet its climate commitments.

Additionally, under AB 825, CAISO may implement tariff changes on or after January 1, 2028, to further the expansion of wholesale energy markets throughout the West. The legislation establishes specific requirements that this regional organization must meet—including respect for state authority, transparent processes, and protection of consumer interests—before the CAISO and California's IOUs may transition where the voluntary wholesale energy markets are governed by an independent regional organization (rather than CAISO).

Given these various market changes, the committee may seek to ask CAISO:

- *Of the \$8.24 billion in cumulative WEIM benefits, how much has directly accrued to California ratepayers versus utilities in other states?*
 - *With only two initial participants at launch, how long before EDAM reaches the scale necessary to deliver meaningful benefits, and what is CAISO doing to accelerate participation?*
 - *What are the consequences of an unfavorable GHG design outcome and does the CAISO feel these are resolvable?*
 - *Because EDAM is voluntary and spans multiple jurisdictions, there is no uniform framework for ensuring that resources committed in the day-ahead market are available and deliverable for reliability purposes. How does EDAM ensure adequate west-wide supply, as different balancing authorities have different self-imposed requirements? What challenges remain to ensuring consistent reliability accounting across the western market?*
 - *Can CAISO provide an update on AB 825 implementation, as it relates to updating its tariff? Can the next steps of the process be articulated for the committee and the safeguards detailed?*
2. *Queue Reform:* CAISO's interconnection queue had grown to an unmanageable scale in recent years, peaking at 283 GW of capacity seeking grid connection in 2023 — much of it speculative. In response, CAISO overhauled its process, replacing the prior first-come-first-served approach with a scoring-based system that prioritizes projects based on commercial interest, site viability, and system need, while also raising entry fees and withdrawal penalties to discourage speculative filings. The reforms produced a notable near-term result: the queue dropped 44% to approximately 158 GW by end of 2024, and Cluster 15 applications were winnowed from 541 submissions

representing 347 GW down to 145 projects representing 68 GW.⁴³ While the reforms are widely viewed as a necessary correction, some concerns remain among independent power producers that the new scoring system may advantage utility-affiliated projects over independent developers who had been waiting longer in the queue.

The committee may seek to ask CAISO:

- *How does CAISO ensure the scoring system is not systematically favoring utility-affiliated projects over independent developers, and is there any independent audit of scoring outcomes?*
- *Have any independent developers who were displaced by the new scoring system challenged the process, and how has CAISO responded?*
- *Given that storage and solar dominate the remaining queue, is CAISO confident the portfolio is suited to the CPUC's IRP plan; i.e., sufficient to meet the state's reliability and decarbonization goals?*
- *With Cluster 16 opening next fall, what lessons from Cluster 15 is CAISO incorporating, and are there further reforms under consideration?*
- *Now that the queue has been significantly reduced, is CAISO confident the remaining projects will actually get built — or is there still a risk of additional attrition before projects reach commercial operation?*

Office of Energy Infrastructure Safety. While Energy Safety's mandate is narrower than the other energy institutions at this hearing, its focus on energy infrastructure risk reduction is the critical concern of our day. Therefore, the committee may wish to dig into specific program implementation at Energy Safety, including:

1. **Wildfire Mitigation Plans (WMPs):** Energy Safety serves as the primary state oversight body for utility wildfire risk reduction, with its most prominent responsibility being the review and approval of IOU WMPs. Under the current framework, utilities must submit WMPs detailing their wildfire risk assessments and mitigation strategies, as well as quarterly data reports and annual compliance reports tracking progress against those plans. Energy Safety prioritizes corrective action — rather than punitive response — when WMP deficiencies are found. Their ultimate goal is that the work gets done, that the grid is safer. While the WMP process has matured since Energy Safety's establishment in 2021, questions remain about whether the current framework is driving sufficient, measurable risk reduction at the pace and scale the state's wildfire exposure demands, especially as devastating wildfires continue to occur in this state.

Some questions to committee may wish to ask Energy Safety, include:

- *How does Energy Safety measure whether the WMP process is reducing wildfire risk — are there metrics or benchmarks against which progress is being evaluated? How does that vary by IOU?*

⁴³ See CAISO's presentation to this committee during our oversight hearing on February 18, 2026.

- *Given that devastating wildfires continue to occur, what evidence does Energy Safety point to that the current framework is working, and where does it acknowledge gaps?*
- *So much public attention is focused on IOUs wildfire mitigation and compliance. Yet the POUs are also required to file WMPs, approved by their boards. How have POU WMPs evolved and does Energy Safety have any recommendations specific to POU mitigation and response?*
- *Energy Safety's approach prioritizes corrective action over punishment — at what point does a pattern of deficiencies warrant a more consequential enforcement response? Have any utilities repeatedly failed to meet WMP requirements, and if so, what has been the response?*
- *What additional authorities or resources, if any, does Energy Safety believe it needs to more effectively drive risk reduction?*

2. *IOU undergrounding program: SB 884 (McGuire, Chapter 819, Statutes of 2022) established an expedited program requiring large electric IOUs to submit comprehensive 10-year undergrounding plans for distribution infrastructure located in high fire-threat districts. Energy Safety plays a central role in the program's two-phase approval process: utilities first submit their 10-year plans to Energy Safety, which has nine months to assess whether the plan sufficiently reduces wildfire risk and enhances reliability; if approved, the utility then proceeds to the CPUC for review and conditional cost approval. A key milestone was reached in February 2025, when Energy Safety adopted its 10-Year Electrical Undergrounding Plan Guidelines — the foundational framework governing what utilities must submit and how plans will be evaluated.⁴⁴ The CPUC subsequently updated its own SB 884 guidelines in December 2025 (Resolution SPD-37),⁴⁵ adding ratepayer protections including cost caps, standardized data requirements, and a new benefit-to-cost ratio methodology.*

While the program represents California's most ambitious undergrounding effort to date, questions remain about whether utilities are meeting their mileage commitments and whether the cost of undergrounding is coming down at the pace needed to make the program fiscally sustainable for ratepayers over the long term. Moreover, while undergrounding is the most effective way to reduce wildfire risk, it is also the slowest, most expensive way to do so. According to the PAO, covered conductors generally take 1-2 years to install compared to 3-4 years for undergrounding and is approximately one-third of the cost. They note, for the cost of undergrounding 1 mile of power lines, a utility can protect almost 4 miles with covered conductors.⁴⁶

Some questions to committee may wish to ask Energy Safety, include:

⁴⁴ <https://energysafety.ca.gov/news/2025/02/20/energy-safety-adopts-10-year-electrical-undergrounding-plan-guidelines/>

⁴⁵ <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/documents/final-resolution-spd37-update-and-revision-of-senate-bill-884-program-cpuc-guidelines-program-for-ex.pdf>

⁴⁶ Matt Baker, "Why we support the levels of undergrounding approved in PG&E's General Rate Case;" November 17, 2023; <https://www.publicadvocates.cpuc.ca.gov/press-room/commentary/231117-undergrounding-pge-grc>

- *Have any IOUs submitted their 10-year undergrounding plans to Energy Safety yet, and if so, what is the status of Energy Safety's review?*
 - *How will the new benefit-to-cost ratio methodology affect which projects move forward, and could it result in fewer miles being undergrounded than originally planned?*
 - *Given that covered conductors can be deployed faster and at roughly one-third the cost, how is Energy Safety ensuring that undergrounding is being prioritized only where it is truly the most appropriate solution?*
 - *Who ultimately decides the right mix of undergrounding versus covered conductors — Energy Safety, the CPUC, or the utilities themselves?*
 - *With a 10-year timeline, what interim milestones should the Legislature use to evaluate whether the program is on track?*
3. *Dig Safety:* While the Underground Infrastructure Directorate rarely garners as much attention as Energy Safety's wildfire mitigation work, the value of ensuring safe operation around underground utility assets is immeasurable. Recently, on December 11, 2025, a natural gas explosion in Hayward injured six people – including three residents and three PG&E workers – after a roadwork contractor struck an underground gas service line during excavation. According to the National Transportation Safety Board's (NTSB) preliminary report released in January 2026, PG&E detected gas near the home that ultimately exploded after the initial leak was reportedly capped, yet declined assistance from Alameda County fire crews and did not order an evacuation before the blast occurred.⁴⁷ The pipeline involved was installed in the 1940s. The NTSB's ongoing investigation is examining PG&E's leak response procedures, safe excavation practices, and physical evidence from the site — with a final report expected within 12 to 24 months.

The committee may wish to ask Energy Safety general questions about dig safety, as this specific incident is still under investigation by the NTSB. These could include:

- *What is the Dig Safe Board's role in an incident like this, and does it have the authority to investigate or sanction contractors or utilities who fail to follow safe excavation protocols?*
 - *Are current call-before-you-dig requirements and enforcement mechanisms adequate, or does the Hayward incident suggest systemic gaps?*
 - *Should the Legislature be concerned that underground infrastructure safety receives significantly less attention than wildfire mitigation, despite posing significant risks to public safety?*
4. *SB 254 implementation:* SB 254 (Becker, Chapter 119, Statutes of 2025) included significant statutory changes impacting Energy Safety: both modifications on wildfire risk mitigation requirements and conformity of oversight responsibilities between Energy Safety and the CPUC; as well as streamlining of planning and design information of infrastructure projects at the California Underground Safety Board. While the committee may be interested in many aspects of Energy Safety's

⁴⁷ <https://www.nts.gov/investigations/Pages/PLD26FR002.aspx>

implementation of SB 254, in particular Members have been curious about the implementation and defining of “cost efficiency” and “cost-per-avoided ignition” metrics in the WMPs. *The committee may wish to ask Energy Safety to detail its overall plan to include these metrics into the WMP guidelines moving forward.*

California Energy Commission. As noted above, the mandate of the CEC is broad and includes all aspects of energy research, planning, and data collection. A key area of focus at the CEC – and one that has not enjoyed as much oversight by this committee in the past few years – is its development and implementation of the energy codes, the state’s main tool for ensuring energy efficiency of our buildings and appliances. Moreover, as a primary awarding body for federal grants – including those for clean transportation and zero-emission vehicles (ZEVs) – the CEC has faced significant tailwinds as federal dollars for clean energy and decarbonization have been rolled back over the last year. While many of the programs under the CEC’s authority will be subject to future (or past) oversight hearings of this committee – including the petroleum market, statewide grid reliability planning, and demand forecasts – *the committee may wish to ask the CEC to provide updates and insights into areas of its mission that have heretofore received less attention, namely its 1) efficiency codes and standards, especially in light of SB 131’s (Committee on Budget, Chapter 24, Statutes of 2025) passage; 2) the impact of federal funding roll backs to the state’s decarbonization efforts; and 3) ZEV and Clean Transport Program update.*

III. Conclusion.

The energy institutions appearing before the committee today — the CPUC, PAO, CAISO, Energy Safety, and CEC — collectively shape nearly every dimension of California's energy system, from how quickly a customer can get electricity service to how the state plans for its long-term resource needs. Taken together, the topics raised in this paper reflect both the progress made and the unfinished work of this administration: energization timelines have improved but equity and cost questions persist; regional energy markets are expanding but critical design questions remain; decarbonization pilots are advancing but community awareness and consumer protection frameworks are still being established; and the state's resource planning and ZEV policy are navigating significant uncertainty driven by federal policy shifts. All of this is occurring under the mandate of energy affordability: to reduce customer electric and natural gas bills as much as feasible. As this administration enters its final year, this hearing offers a timely opportunity not only to satisfy the Legislature's statutory oversight obligations, but to take stock of where California's energy institutions stand – and what work must be carried forward – as the state approaches a moment of transition.

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