Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 2505 (Carrillo) – As Amended March 17, 2026

SUBJECT: Electrical corporations: hydrogen refueling stations

SUMMARY: Directs each electrical corporation (utility) to file an advice letter by April 1, 2027, and requires the California Public Utilities Commission (CPUC) to approve by September 1, 2027, a new tariff authorizing the utility to design, construct, own, operate, and maintain all electrical distribution and facilities on the utility side of the meter necessary to provide separately metered electrical service to hydrogen refueling stations serving vehicles 14,001 pounds or greater, including stations collocated at existing facilities that already receive electrical service. These provisions sunset on January 1, 2033.

The new tariff must:

- Authorize the utility to extend distribution and service facilities from the existing distribution system to a dedicated revenue meter serving hydrogen refueling stations for vehicles 14,001 pounds or greater, consistent with design and construction standards comparable to those applied under the utility's existing EV infrastructure tariff.

- Authorize installation of a dedicated revenue meter for the hydrogen refueling station load, including where the premises already receives electrical service through another meter, provided applicable safety and reliability criteria are met.

- Treat cost allocation and customer contributions as line and service extensions subject to the Rule 15/16 framework, with customer allowances determined using the same revenue-based methodology applied under those rules.

- Requires the applicant to bear any costs exceeding the applicable allowance, subject to any refund provisions the CPUC may approve.

- Provides that to the extent a utility capitalizes costs for a facility installed pursuant to the tariff that are not paid by the applicant, the utility shall recover its resulting revenue requirement through periodic general rate case or other appropriate ratesetting proceedings. Those costs shall be treated in a manner consistent with other necessary electrical distribution infrastructure, with the CPUC ensuring that ratepayers are not unreasonably burdened.

EXISTING LAW:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations and gas corporations. (California Constitution, Article XII, §1-6)

2) Authorizes the CPUC to fix the rates and charges for public utilities and requires those rates and charges be just and reasonable. (Public Utilities Code § 451)

3) Defines an "electrical corporation" as every corporation or person owning, controlling, operating, or managing any electric plant for compensation in the state, with limited exceptions; generally designates any entity that sells electricity to more than two contiguous parcels or across the street as an "electrical corporation." (Public Utilities Code § 218)

4) Defines the interests of ratepayers as short or long-term direct benefits specific to ratepayers that provide safer, more reliable, or less costly gas or electrical service and also support a number of resources, including increased use of alternative fuels. (Public Utilities Code § 740.8)

5) Requires a utility to permit any new or existing customer who applies for an extension of service from that utility to install a gas or electric extension in accordance with the regulations of the CPUC and any applicable specifications of that utility. (Public Utilities Code § 783)

6) Establishes the California Energy Commission (CEC) as a five-member body, appointed by the Governor, to analyze, monitor, and oversee various energy policy and planning activities, as specified. (Public Resources Code § 25200 *et. seq.*)

7) Establishes the California Air Resources Board (CARB) within the California Environmental Protection Agency (CalEPA) and designates CARB as the air pollution control agency for all purposes set forth in federal law. Existing law also directs CARB to take actions to achieve air quality standards pursuant to the federal Clean Air Act. (Health and Safety Code § 39500 *et. seq.*)

8) Requires hydrogen-fueling stations to meet certain requirements, including any rules established by CARB, the CEC, or CDFA regarding safety, reliability, weights, and measures. (Government Code § 65850.7(f)(3))

9) Defines "hydrogen-fueling stations" as the equipment used to store and dispense hydrogen fuel to vehicles according to industry codes and standards and that is open to the public. (Government Code § 65850.7(i)(4))

10) Requires the CPUC, in cooperation with the CEC, CARB, air quality management districts and air pollution control districts, utilities, and the motor vehicle industry, to evaluate and implement policies promoting infrastructure for low-emission vehicles; prohibits cost pass-through to ratepayers unless the CPUC finds such programs are in ratepayers' interest, as specified. (Public Utilities Code § 740.3)

11) Establishes guidelines for the design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions necessary to furnish permanent electric service. (Electric Rule 15)

12) Establishes guidelines for the design, cost allocation, and responsibilities of a project applicant and a utility for the extension of electric service from a utility distribution line. (Electric Rule 16)

FISCAL EFFECT: Unknown. This bill is keyed fiscal, and will be referred to the Assembly Committee on Appropriations for its review.

BACKGROUND:

Hydrogen Vehicles and Refueling Infrastructure – Through its Clean Transportation Program, the CEC is supporting the adoption of zero-emission hydrogen fuel cell cars by funding an initial network of 100 public hydrogen refueling stations across California. Hydrogen fuel cell electric vehicles use hydrogen as a fuel source and emit only water vapor. They are available in multiple vehicle types, including cars, SUVs, and buses, and can be refueled in under five minutes. The CEC has identified hydrogen refueling infrastructure as a component of the state's efforts to place 1.5 million zero-emission vehicles on California roads and meet its climate and air quality goals.[1]

According to the CARB 2025 Annual Evaluation of Fuel Cell Electric Vehicle Deployment and Hydrogen Fuel Station Network Development, as of August 2025, California had 61 hydrogen fueling stations, of which 50 were open to the public, with the network projected to reach a maximum of 112 stations by 2030. As of April 2025, there were 14,128 fuel cell electric vehicles registered in California – the first recorded year-over-year decline. CARB identified station development timelines, financial uncertainty among developers, high hydrogen prices, and reduced auto manufacturer sales projections as persistent barriers to network growth. The report also identified geographic coverage gaps in major urban areas including Sacramento and San Francisco, where recent state grant solicitations received no applications for new stations, underscoring the challenges facing the buildout of hydrogen refueling infrastructure at existing commercial sites.[2]

Heavy-Duty Hydrogen Fueling Stations – According to the California Transportation Commission's SB 671 Clean Freight Corridors Efficiency Assessment, California will need approximately 800-850 publicly available heavy-duty hydrogen fueling stations statewide by 2035 to support goods movement along its priority freight corridors. The report estimates that each heavy-duty hydrogen fueling station costs between $9 million and $13 million to build, with the full 2035 build-out projected to require $10-$15 billion in combined public and private investment. The report specifically identifies utility coordination as a prerequisite for station development, noting that dispensing hydrogen requires electric compressors that use significant amounts of electricity at scale, making early engagement with electric utilities essential to determining cost feasibility for any site.[3]

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[1] California Energy Commission, Hydrogen Vehicles & Refueling Infrastructure, https://www.energy.ca.gov/programs-and-topics/programs/clean-transportation-program/clean-transportation-funding-areas-1.

[2] California Air Resources Board, *2025 Annual Evaluation of Fuel Cell Electric Vehicle Deployment and Hydrogen Fuel Station Network Development* (December 2025), pursuant to AB 126 (Reyes, Chapter 319, Statues of 2023). The SB 671 report uses federal truck class designations, defining "heavy-duty" as Class 7-8 vehicles (26,001 pounds and above) and "medium-duty" as Class 4-6 vehicles (14,001-26,000 pounds). This bill uses a single 14,001-pound threshold that encompasses both categories under the report's framework. CARB's Title 13 regulations define "heavy-duty vehicle" as any vehicle with a GVWR greater than 14,000 pounds, which aligns with this bill's threshold.

[3] California Transportation Commission, *SB 671 Clean Freight Corridors Efficiency Assessment* (December 2023).

Electric Tariff Rules 15/16 – Distribution-Line-and-Service Extensions – This bill directs the CPUC to establish a new tariff for hydrogen refueling station service connections that is modeled on the cost allocation framework established in Electric Tariff Rules 15/16.

Rule 15 is the tariff that governs investor-owned utility distribution line extensions (the facilities that extend the existing distribution system to the point where service facilities connect to a new customer). New extensions serving developments are required to be built underground. Costs are shared between the utility and the applicant: the utility provides a free allowance funded by ratepayers, and any costs above that threshold must be paid by the applicant before construction begins. Excess costs may be contributed as a refundable advance (repaid over up to ten years as new customers connect and generate revenue) or the applicant may instead pay 50% of that amount on a non-refundable basis. Excavation, conduit, and protective structures are the applicant's non-refundable responsibility. Any unrecovered refundable advance at the end of the ten-year window is forfeited to the utility.

Rule 16 is the tariff that governs service extensions (the facilities running from the distribution line to the customer's revenue meter). The same allowance framework from Rule 15 applies, credited first to the service extension. The utility installs the service conductors, transformer, and metering equipment, while the applicant bears non-refundable costs for excavation, conduit, and protective structures. Unlike Rule 15, there is no refund mechanism; all applicant payments for excess service extension costs are non-refundable.

Both rules include procedures for exceptional cases. For example, in the case of Southern California Edison's (SCE) Rule 15 and Rule 16 tariffs, the special conditions provisions state that when application of the rule "appears impractical or unjust to either party or the ratepayers, SCE or Applicant may refer the matter to the [CPUC] for a special ruling or for special condition(s), which may be mutually agreed upon."[4]

Under Rules 15/16, the applicant typically pays the incremental costs of interconnection. As part of its consideration, the CPUC generally seeks to minimize the shifting of costs from the applicant to other customers or customer classes.

Advice Letters – Each year, regulated utilities and service providers file hundreds to thousands of advice letters with the CPUC seeking approval of tariff changes, program implementation, or other regulatory actions. The advice letter process serves as a "streamlined" mechanism to process utility requests. Rather than requiring a full evidentiary hearing, as is required in a formal proceeding, the advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions.

COMMENTS:

1) *Author's Statement.* According to the author, "Assembly Bill 2505 is about removing barriers that make it unnecessarily expensive to build hydrogen fueling stations where we

[4] Southern California Edison, Electric Rule 15, Section I3. (Exceptional Cases); Electric Rule 16, Section G (Exceptional Cases).

need them most. Right now, outdated rules drive up costs at places like existing truck stops, even when the infrastructure is already in place. By allowing these sites to access a standard utility connection and meter, we can cut unnecessary costs and speed up deployment. This bill creates a practical, fair pathway that lowers costs while still protecting ratepayers and strengthening our electric grid."

2) *Purpose of the Bill.* This bill requires each utility to file an advice letter by April 1, 2027, and the CPUC to approve by September 1, 2027, a new tariff for electrical connections to heavy-duty hydrogen refueling stations. Costs are treated as line and service extensions under Rules 15/16, with uncovered costs recovered through ratesetting proceedings. A key driver of the bill is the separately-metered service concern: according to the Author's office and supporters of the bill, heavy-duty hydrogen refueling stations currently face a barrier in that they are not eligible for a dedicated meter and service line from the local investor-owned utility. Without this eligibility, station developers must rely on behind-the-meter options, which are typically located farther from the distribution grid and result in higher upfront construction costs. This bill addresses this concern by allowing the utility to extend a service line to a new station from the nearest point on the distribution grid, lowering infrastructure costs, while also enabling the installation of a dedicated meter.

3) *Is a new tariff necessary?* Public Utilities Code Section 783 establishes procedural requirements for modifying line extension rules rooted in the Rule 15/16 framework. Investor-owned utilities already administer an Exceptional Case Filing process within that framework, which allows applicants to work through exceptions to standard Rule 15/16 requirements on a case-by-case basis. This process has previously been used to address the needs of large or atypical customers, including Santa Clara Valley Transit Authority,[5] Genentech,[6] and Microsoft Corporation[7]. The Author may wish to consider whether this existing mechanism could provide a sufficient pathway to address the separately-metered service concern this bill targets for heavy-duty hydrogen refueling stations located on a single parcel.

4) *Should large hydrogen refueling station loads be addressed under Rule 30 rather than a new tariff?* Rule 30 is being designed to address the energization of new transmission-level retail customers whose scale and cost profile exceed what the Rule 15/16 framework was built to handle. Key features of the proposed Rule 30, including requirements that large load customers pay upfront interconnection costs, that work be performed on an actual rather than estimated cost basis, and that refunds be tied to revenues actually generated by the customer, reflect the same ratepayer protection concerns that would arise if a heavy-duty hydrogen refueling station generates a significant new load. In particular, the requirement that a large load customer receive

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[5] PG&E Advice Letter 6975-E (2023). PG&E invoked Electric Rule 13 (Questionable Permanency) for transmission service facilities serving VTA.
[6] PG&E Advice Letter 7814-E (2026). PG&E requested authority to perform work on an actual cost basis for a large Genentech construction project, deviating from the standard estimated cost approach under Electric Rules 15 and 16.
[7] CPUC Resolution E-5439, PG&E Advice Letter 7635-E (2025). The CPUC approved, with modifications, agreements to energize a new Microsoft data center under an exceptional case filing.

refunds only to the extent it produces revenues to offset interconnection infrastructure costs directly addresses the stranded asset risk that would exist if hydrogen fueling demand does not materialize as projected. At this time, however, it is unclear what actual load levels heavy-duty hydrogen refueling stations would generate and whether those loads would rise to the threshold that would distinguish them from typical Rule 15/16 distribution customers. The bill does not limit the size of the electrical load a qualifying station may draw. The only limiting criterion in the bill is the vehicle weight threshold – the new tariff applies to stations serving vehicles 14,001 pounds or greater – which is a classification based on the type of vehicle being fueled, not a cap on electrical demand.

5) *Ratepayer Impacts.* The bill provides that any capitalized costs not recovered from the applicant will flow through to general rate case proceedings and into the electrical corporation's rate base – meaning they would ultimately be borne by ratepayers. While the bill does include a general directive that the CPUC ensure ratepayers are not unreasonably burdened, it provides no mechanism to enforce that standard or limit cost recovery. In Application 22-05-015, the CPUC issued a decision denying SoCalGas's request for ratepayer-funded cost recovery for hydrogen refueling stations, finding that such projects "do not demonstrate the just and reasonable costs necessary for the utility to meet its obligations to serve its gas customers" and that "including these activities in the utility's rate base would require further review and understanding of cost effectiveness and ratepayer benefits," and further reaffirming the CPUC's cost causation principle that, "[b]uilding and owning hydrogen refueling stations for public access does not comport with cost causation to justify ratepayer funding."[8] Applicants should bear the financial risk of these projects, as they are the best positioned to assess and manage that risk, not the broader ratepayer base.

   This bill does not authorize the utility to add refueling stations to its ratebase – as was denied for SoCalGas in 2024 – but rather all electrical distribution and service facilities leading up to the refueling station; i.e., the "make-ready" infrastructure needed to energize the station. However, this bill does guarantee, in Section 740.26(d), the cost recovery for this make-ready infrastructure. As the CPUC is the most appropriate body to make cost recovery decisions, and this bill's subject – hydrogen refueling stations – was a central point in a recent cost recovery denial, it may be wise to tread with caution. *For these reasons, the Committee recommends deleting subdivision (d) entirely.*

6) *Statutory Timelines.* The bill imposes aggressive firm deadlines – April 1, 2027, for utility advice letter filings and September 1, 2027, for CPUC approval. The CPUC's default statutory timeline for quasi-legislative proceedings is 18 months.[9] A full rulemaking to develop a new tariff would be unlikely to conclude within the five-month window between the advice letter deadline and the approved deadline contemplated by this bill. The Author may wish to consider whether these deadlines are realistic.

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[8] A.22-05-015, Decision 24-12-074 at 622-623.
[9] California Public Utilities Commission, *Rules of Practice and Procedure*, Cal. Code Regs., tit. 20, div. 1, ch. 1, at 16 (May 2021), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/rules-of-practice-and-procedure-may-2021.pdf.

7) *Related Legislation.*

AB 2383 (Zbur, 2026) directs the CPUC to establish a separate rate classification for large energy use facilities. Status: Pending in Committee – Assembly Committee on Utilities and Energy.

SB 886 (Padilla, 2026) directs the CPUC to establish a new tariff for large load customers taking transmission-level service. Status: Pending in Committee - Senate Committee on Appropriations.

8) *Prior Legislation.*

SB 1418 (Archuleta) extended California's existing expedited local permitting framework for EV charging stations to also cover hydrogen fueling stations, requiring cities and counties to administratively approve hydrogen fueling station permit applications and adopt streamlined permitting ordinances on a tiered timeline based on population. Status: Chapter 607, Statutes of 2024.

AB 126 (Reyes) extended and modified California's hydrogen fueling station funding program, replacing the fixed 100-station cap with an ongoing commitment requiring the California Energy Commission to allocate no less than 15 percent of Clean Transportation Program funds annually to hydrogen fueling stations until July 1, 2030, and directing that 50 percent of those funds benefit residents of low-income and disadvantaged communities. Status: Chapter 319, Statutes of 2023.

SB 1463 (Archuleta, 2021) would have directed the California Energy Commission to establish a hydrogen fueling hub in Southern California consisting of one heavy-duty station at the Port of Long Beach or Port of Los Angeles and one medium- and light-duty station within 80 miles of it. Status: *Died* – Senate Committee on Energy, Utilities and Communications.

AB 841 (Ting) directed each electrical corporation to file an advice letter establishing a new tariff authorizing the electrical corporation to design and deploy all electrical distribution infrastructure on the utility side of the meter for customers installing separately metered EV charging infrastructure (other than single-family residences) and to recover those costs through general rate case proceedings rather than through applicant contributions under Rules 15/16. Status: Chapter 372, Statutes of 2020.

AB 8 (Perea) directed the California Energy Commission to allocate up to $20 million annually to fund publicly available hydrogen refueling stations until at least 100 such stations were operational in California. Status: Chapter 401, Statutes of 2013.

REGISTERED SUPPORT / OPPOSITION:

Support

Air Products and Chemicals, INC.
California Fuels and Convenience Alliance

California Hydrogen Coalition
California State Association of Electrical Workers
California State Pipe Trades Council
Coalition of California Utility Employees
Hydrogen-xt, INC.
Hyundai Motor America
Iwatani Corporation of America
North American Hydrogen Mobility Low Carbon Solutions
Toyota Motor Company
Wolftank USA

Opposition

None on file.

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