Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 2396 (Irwin) – As Amended March 19, 2026

**SUBJECT**: Community choice aggregators: electrical transmission lines

**SUMMARY**: Authorizes Community Choice Aggregators (CCAs) to own, operate, and maintain – among other powers – electrical transmission lines and any associated facilities, regardless of whether the electrical transmission lines convey electricity to the CCA's customer.

**EXISTING LAW:**

1) Establishes the California Independent System Operator (CAISO) as a nonprofit, public benefit corporation to manage the transmission grid and related energy markets, as provided. (Public Utilities Code §345 et seq.)

2) Authorizes a CCA to aggregate the electrical load of interested electricity customers within its boundaries and requires a CCA to file an implementation plan with the California Public Utilities Commission (CPUC) in order for the CPUC to determine a cost-recovery mechanism to be imposed on the CCA to prevent a shifting of costs to an electrical corporation's bundled customers. (Public Utilities Code § 366.2)

3) Prohibits any construction by an electrical corporation of a line, plant, or system, or their extensions, without first obtaining from the CPUC a certificate that the present or future public convenience and necessity require or will require such construction. This is known as a CPCN, a "certificate of public convenience and necessity." For electric transmission facilities, the CPUC shall consider cost-effective alternatives, including distributed generation during their consideration of a CPCN. (Public Utilities Code §§ 1001-1103)

4) Authorizes the California Consumer Power and Conservation Financing Authority (CPA) to establish, finance, purchase, lease, own, operate, or construct generating facilities and other energy-related projects, including transmission projects eligible through the Transmission Accelerator, to supplement California's power supply. (Public Utilities Code §3310)

5) Establishes that U.S. Federal Energy Regulatory Commission (FERC) has exclusive jurisdiction over the transmission of electric energy in interstate commerce. Also establishes the process and procedures for establishing transmission of electric energy in interstate commerce by public utilities, i.e., the rates, terms & conditions of interstate electric transmission by public utilities. (Federal Power Act §§§201, 205, 206 (16 USC 824, 824d, 824e))

6) Directs the Governor's Office of Business and Economic Development (GO-Biz)'s Energy Unit to establish a Transmission Infrastructure Accelerator (Accelerator) to develop financing opportunities for eligible electric transmission projects. Low-cost public financing would be provided to eligible recipients by the California Infrastructure and Economic Development Bank (I-Bank); the recipients would then pay it back to the Accelerator Revolving Fund (Revolving Fund), enabling the financing to be used for other transmission projects. (Government Code §§ 12100.110-12100.111, 63049.71-63050)

7) Authorizes the I-Bank to provide financial assistance under the Revolving Fund Program to any eligible participating party, either directly or to a lending or financial institution, in connection with the financing or refinancing of an accelerator project, in accordance with the provisions of the bill. Projects eligible for financing must meet specified conditions, including:
    a. Have at least one interconnection point within the CAISO balancing authority;
    b. The applicant (or its affiliates) have previously completed a transmission project in the state;
    c. Be a project subject to the competitive solicitation process administered by the CAISO;
    d. Be a project consistent with the state's reliability and greenhouse gas policy objectives;
    e. Reduce its cost recovery requests by the amount of savings achieved through tax credits received under the provisions of the bill;
    f. Commit to requesting a revenue requirement at the Federal Energy Regulatory Commission (FERC) that reflects only its actual capital structure to minimize ratepayer impacts;
    g. Consistency with state policy.

    (Government Code § 12100.111)

8) Allows a 20% tax credit for 10 years (January 1, 2026, and before January 1, 2036), for qualified expenditures paid or incurred by the eligible transmission project developer, not to exceed $20 million per developer per taxable year. Prohibits the taxpayer from earning a return on equity for the eligible transmission project for the portion of the project for which the credit is claimed. Requires the I-Bank to inform the Franchise Tax Board of any eligible transmission project that the bank approves for financial assistance and to provide any other information the Franchise Tax Board requires for administration of the credits allowed by this bill. (Revenue and Taxation Code §§ 17053.40 and 23640)

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

**BACKGROUND:**

*CCAs* – CCAs are local government entities, such as Sonoma Clean Power, through which local governments choose to procure or generate electricity on behalf of residents within their jurisdiction while using the incumbent electric IOU's transmission and distribution infrastructure and billing services. An individual customer within the territory of a CCA is automatically opted-in to have energy procured from the CCA, based on the implementation schedule, when the customer's local government elects to join or establish the CCA. However, the customer retains the option to return to the procurement service of the incumbent electric IOU. Notwithstanding CCA outreach efforts, customers may be unaware they have been enrolled in a CCA, as the IOU continues to issue a single utility bill covering both energy procurement and transmission and distribution services. However, close inspection of the bill would show a line item identifying the CCA as the customer's energy procurement provider.

*No Transition without Transmission* – California has ambitious clean energy goals. According to the SB 100 Joint Agency Report, achieving these goals requires California to roughly triple its current electricity capacity. Specifically, the report projects that the state will need to add

approximately 6 gigawatts (GW) of new renewable capacity annually – nearly double the historical average. More recent staff updates to the SB 100 Report show an even greater year-over-year projection, especially if the resource mix is largely solar and storage resources. In parallel, a study conducted by the Clean Air Task Force and the Environmental Defense Fund concluded that, at a minimum, the state will need to double its transmission capacity by 2045 to accommodate these new renewables and ensure grid reliability.[1] If accurate, the state needs to act fast: the transmission development process is often complex and long, taking over a decade from planning to completion.[2]

*Transmission Planning and Future Cost* – CAISO conducts an annual Transmission Planning Process (TPP) to identify transmission infrastructure needed to meet reliability, state policy, and economic goals, drawing on the supply and demand forecasts from the CPUC and California Energy Commission (CEC), respectively. The most recent plan, approved by the CAISO Board in May 2025, calls for 76 GW of new resources by 2039 and identified 31 transmission projects totaling an estimated $4.8 billion.[3] Once approved, transmission projects are typically developed and owned by investor-owned utilities (IOUs), whose costs are recovered through FERC-approved rates known as the Annual Transmission Revenue Requirement (TRR), which covers return on investment, depreciation, operations and maintenance, and taxes. The CPUC participates in FERC proceedings on behalf of California ratepayers to ensure those rates are just and reasonable.

The costs of the transmission system are passed on to LSEs, and ultimately customers, through CAISO's Transmission Access Charge (TAC), a per-megawatt-hour fee assessed on all load accessing the CAISO grid. The TAC currently stands at $11.60 per megawatt-hour (MWh) and is projected to rise to approximately $52.10/MWh by 2045 (a 350% increase) driven by the infrastructure investment needed to integrate offshore wind, utility-scale solar, and battery storage.[4] CAISO's 20-Year Transmission Outlook, released in 2022 and updated in 2024, estimates that between $45.8 billion and $63.2 billion in new transmission infrastructure will be required by 2045 to support California's 100% clean energy goals, encompassing high-voltage lines to access out-of-state resources as well as new corridors serving major generation hubs including offshore wind and geothermal.[5]

*Alternative Financing Models for Transmission Infrastructure* – California's electricity rates are among the highest in the country. Electricity rates also have been increasing rapidly in recent years and are projected to continue to outpace inflation over the next few years.[6] Transmission accounts for approximately 30% of a utility's base revenue, and this share is expected to rise.[7] The TAC is also projected to rise by 350% increase over the 2024 rate, all at the expense of

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[1] Lucid Catalyst, Clean Air Task Force, and the Environmental Defense Fund, "California's Clean Energy Transition: Understanding Today's Challenges to Reach Tomorrow's Goals," presentation January 18, 2022.
[2] Nelson Falkenburg, Clean Air Task Force, "California's transmission permitting: Slowest in the West?" May 2023; https://www.catf.us/2023/05/californias-transmission-permitting-slowest-in-the-west/
[3] https://stakeholdercenter.caiso.com/InitiativeDocuments/Revised-Draft-2024-2025-TransmissionPlan.pdf
[4] Public Advocates Office; "Public Advocates Office"; Transmission Data Dashboard (as of October 2024). Accessed March 21, 2025.
[5] Pg.2, CAISO; " 20-Year Transmission Outlook"; May 2024
[6] Pg. 2; Legislative Analyst Office, "Assessing California's Climate Policies— Residential Electricity Rates in California"; January 2025
[7] P.g. 11; CPUC, 2023 California Electric and Natural Gas Cost Report; https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2024/2023-ab-67-report.pdf

ratepayers. As such, the need for innovative and cost-effective approaches to financing transmission infrastructure is becoming increasingly urgent. There are many infrastructure services – including electricity, transportation, and telecommunications – which are funded through a variety of institutional models involving public entities, private companies, or public-private partnerships. Developing "alternative" financing options for transmission through a combination of 1) leveraging low-cost public debt 2) structuring projects under tax-exempt public ownership, and 3) reducing or eliminating the rate of return —could generate significant cost savings for ratepayers. Recent research estimates that these approaches could achieve more than 50% in cost savings annually relative to conventional utility financing models.[8]

For transmission projects specifically, CAISO's 2024 20-Year Outlook estimates engineering and construction costs alone at $39–$54 billion, a figure that rises to as much as $216 billion over 40 years when financing and development costs are included under an IOU-ownership scenario, according to a report by Net-Zero California (NZC) and the Clean Air Task Force (CATF). The NZC-CATF report also proposed alternative financing models ranging from public financing for private developers to full public ownership. Among those alternatives, public-private partnerships (P3s) have gained attention as a middle path. Even the Public Advocates Office has encouraged the state to explore P3 arrangements, noting they "would likely result in intermediate ratepayer savings between the bookends of pure public and pure private investment options." The NZC-CATF report examined two P3 structures: a concession model, in which a private company designs, builds, finances, and operates the asset before returning it to the government (estimated to generate roughly $1.3 billion in annual savings over 40 years) and a lease model, in which the government finances the asset but contracts a private partner for operations and maintenance, combining lower-cost public financing with private-sector efficiency (estimated to save of approximately $3 billion per year over the same period).

*SB 254's Transmission Accelerator* – Last year the Legislature passed SB 254 (Becker, Chapter119, Statutes of 2025) which contains extensive policies affecting the regulation and management of, and ratepayer costs arising from, the state's IOUs. One such policy was the creation of the Transmission Accelerator at Go-Biz, establishing a new mechanism to finance electrical transmission projects with public debt. The logic behind the Accelerator policy is straightforward: public financing lowers borrowing costs, eliminates profit, and reduces federal and state tax burdens, which together can significantly reduce the overall cost of building transmission infrastructure. Given that CAISO, in its 2024 *20-year Outlook*,[9] estimated total transmission development costs of $45.8–$63.2 billion to meet the state's 2045 clean energy goals, even modest savings on individual projects could add up to significant savings when applied across multiple projects over time.

SB 254 directs the GO-Biz Energy Unit to establish the Accelerator to provide low-cost public financing to eligible electric transmission projects through the I-Bank, with repayments flowing into a revolving fund to finance future projects. The Energy Unit is required to coordinate with the CPUC, CEC, CAISO, I-Bank, and other parties to develop a financing and development strategy by December 31, 2026, consistent with CAISO procedures. The Accelerator and Revolving Fund is available for a range of qualified public sponsors whose projects meet

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[8] Pg 5; Clean Air Force & Net-Zero California Report, "Wired for Savings: Evaluating the Impact of Alternative Transmission Financing and Development Models on California Ratepayers"
[9] CAISO, "2024 20-Year Transmission Outlook," July 31, 2024; https://www.caiso.com/documents/2024-20-year-transmission-outlook-jul-31-2024.pdf

specified criteria, and once a project is selected, the Accelerator is directed to expedite its development and deployment to generate ratepayer savings, though statute provides limited guidance on how that expediting should occur in practice.

**COMMENTS:**

1) *Author's Statement.* According to the author, "California's electricity rates are among the highest in the country, and transmission is one driver of those costs. Public agencies like CCAs, in partnership with the private sector, can play an important role in delivering low-cost financing for transmission projects. AB 2396 would allow CCAs to finance and develop transmission projects in partnership with IOUs and the private sector, which has the potential to reduce costs for ratepayers by roughly 20% per transmission line."

2) *Purpose of Bill.* As noted above, transmission is a major cost driver on electricity bills, and its costs are projected to grow significantly in the coming years. As a result, many parties have been exploring ways to finance the state's needed transmission buildout with lower debt financing, particularly via debt offered by public agencies. In New Mexico,[10] New York,[11] and Texas,[12] public agencies play a leading role in developing transmission. In California, the Transmission Infrastructure Accelerator was created to enable financing of electrical transmission projects with public debt. Yet the Accelerator model – at least presently – is largely dependent on both public entities and private parties partnering to form a low-cost project offering. Some public entities, like local publicly owned electric utilities and the California Consumer Power and Conservation Financing Authority, have existing authority to own and operate transmission infrastructure. This bill seeks to expand that authority to CCAs, local government entities that procure electricity on behalf of residents in their jurisdiction while continuing to use the incumbent utility's transmission, distribution, and billing infrastructure. The supporters of this bill note the CCAs' status as a public entity with tax-exempt financing, as well as their expertise in the energy industry, make CCAs ideal candidates to participate in transmission projects.

3) *CCAs' New Powers.* Opposition to this bill include the large IOUs, the Coalition of California Utility Employees, and the California Farm Bureau. All note concern with expanding CCA authority to transmission ownership and maintenance, with the Farm Bureau noting "AB 2396 would create a profound departure from current models without any substantive demonstration that California ratepayers will benefit." The opposition raises concerns with the absence of any regulatory oversight or adherence to existing safety, liability, mitigation, and reliability rules that govern utility transmission ownership today; rules that apply regardless of whether you are a rate-regulated IOU or a private, third-party transmission developer. The sponsor of this bill – the LA County CCA, Clean Power Alliance (CPA)– notes it is not their intention to be a transmission developer and operator, but rather a financial backer of these projects, to help offset the cost. While that may be their intention, the language in the measure is sweeping, allowing CCAs broad authority to not only "finance" but "construct," "operate," "purchase," and even "maintain" these lines. CPA notes in its Support letter that the bill "maintains regulatory oversight and all CCA projects

[10] New Mexico Renewable Energy Transmission Authority (NM-RETA) https://nmreta.com/
[11] New York Power Authority; https://www.nypa.gov/Power/Transmission/Transmission-Overview
[12] Lower Colorado River Authority; https://www.lcra.org/

would remain subject to CAISO planning, approval, and operational control, as well as CPUC and FERC oversight. …AB 2396 simply enables CCAs to partner with private developers and IOUs to deliver transmission projects more efficiently…" This is not clear in the language. Given this gulf in interpretation, additional detail or clarity in what new arrangements the CCAs may be constructing feels necessary.

4) *Joining the Accelerator.* The current version of AB 2396 invites a host of questions about the financial arrangements the CCAs will be embarking upon. Yet most of what CPA seems to be seeking – financial partnership with existing transmission developers – exists within the statutory authority of the Transmission Accelerator. As noted above, statute directs the GO-Biz Energy Unit to establish the Accelerator to provide low-cost public financing to eligible electric transmission projects through the I-Bank, with repayments flowing into a revolving fund to finance future projects. The Accelerator and Revolving Fund are available for a range of qualified public sponsors whose projects meet specified criteria, namely eligible projects are limited to only those that: a) have at least one interconnection point within the CAISO balancing authority; b) the applicant (or its affiliates) have previously completed a transmission project in the state; c) is a project subject to the competitive solicitation process administered by the CAISO; d) is a project consistent with the state's reliability and greenhouse gas policy objectives; e) reduces its cost recovery requests by the amount of savings achieved through tax credits received under the provisions of the bill; f) commits to requesting a revenue requirement at FERC that reflects only its actual capital structure to minimize ratepayer impacts; and g) is consistent with state policy, as determined by the state agencies coordinating with the Accelerator. While additional clean-up is necessary and underway for the Accelerator statute,[13] the existing limitations to project eligibility in the Accelerator (i.e., ensuring ratepayer savings, ensuring partnership with existing transmission developers, and requiring consistency with state policy) are aligned with the supporters' stated goals and address many of the oppositions' stated concerns. *As such, the committee recommends limiting the CCAs' powers regarding transmission infrastructure development to just projects that are eligible Accelerator projects.*

5) *Related Legislation.*

Trailer Bill RN 26 10689,[14] makes a number of changes to the statute governing the California Transmission Infrastructure Accelerator, including clarifying the responsibilities of the Accelerator relative to the I-Bank; specifying I-Bank's autonomy and funding obligations as separate and distinct from the Accelerator's; and specifying that transmission projects eligible for Accelerator financing are those that have selected for construction a prime contractor that has served as such for at least two transmission infrastructure projects in the state during the past 10 years, and for any contracted out maintenance, the owner of the project employs a contractor that has frequently performed electrical transmission work. Status: open item in the Senate and Assembly Committees on Budget.

[13] https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1401
[14] https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1401

6) *Prior Legislation.*

SB 254 (Becker) among its many provisions, establishes the California Transmission Infrastructure Accelerator, which created a new mechanism to finance electrical transmission projects with public debt. Status: Chapter 119, Statutes of 2025.

AB 3264 (Petrie-Norris) requires multiple studies and reports on ratepayer cost drivers, including a study of ratepayer cost reductions associated with expanding the state's electrical grid; this study includes changes to financing and ownership models of transmission. Status: Chapter 762, Statutes of 2024.

**REGISTERED SUPPORT / OPPOSITION**:

**Support**

California Community Choice Association
City of Agoura Hills
Clean Power Alliance
Clean Power Alliance of Southern California
County of Ventura
Office of Los Angeles County Supervisor Lindsey P. Horvath
The Utility Reform Network (TURN)
West Hollywood; City of

**Oppose**

California Farm Bureau Federation
Pacific Gas and Electric Company and its Affiliated Entities
San Diego Gas and Electric Company
Southern California Edison

**Oppose Unless Amended**

Coalition of California Utility Employees

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