



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JANUARY 12, 2026

SUBJECT: LEGISLATIVE UPDATE

ISSUE:

Consider receiving and filing the Legislative Update.

RECOMMENDATION:

That the Board of Public Utilities receive and file the Legislative Update.

BACKGROUND:

The 2025 legislative session concluded with the enactment of several measures with direct operational impact on Riverside Public Utilities (RPU), including legislation addressing affordability and greenhouse-gas emissions compliance, regional market governance, wildfire mitigation, per- and polyfluoroalkyl substances (PFAS) regulation, water-supply planning, and housing streamlining. Several other bills that had potential operational or administrative implications were vetoed by the Governor and did not become law. This report summarizes enacted laws with the greatest relevance to RPU's operations and provides context on notable proposals that failed to advance. Please note that this list is not comprehensive and highlights the bills with the most significant potential impacts.

DISCUSSION:

Energy Sector Overview

The Legislature enacted multiple measures affecting energy affordability, climate compliance, and market governance. The Governor also vetoed several proposals related to reliability reporting, interconnection planning, and load-flexibility standards, leaving current utility planning and reporting frameworks unchanged. The overall focus of the session was on maintaining affordability, supporting carbon-reduction programs, and advancing long-term regional coordination. Discussion of the bills is organized under the topics listed below.

1. Cap-and-Invest Reauthorization and Affordability

AB 1207 (Irwin) extends California's Cap-and-Trade Program through 2046, maintaining the existing allocation of greenhouse gas allowances to electric utilities for ratepayer benefit. The bill renamed the program, Cap-and-Invest and requires that proceeds from allowance sales continue to provide a direct customer benefit and expands the program to include natural gas allowance

value. It preserves the discretion of publicly owned utilities in applying those proceeds consistent with affordability and climate objectives, ensuring long-term stability in RPU's carbon compliance and planning efforts.

SB 840 (Limón) restructures the state's Greenhouse Gas Reduction Fund (GGRF) beginning in 2026 to better align investments with statewide climate, wildfire, and resiliency goals. The GGRF receives funds from the sale of the allowances that California Air Resources Board (CARB) holds and sells in the Cap-and-Invest auctions. The bill allocates \$4.2 billion for programs supporting carbon reduction, climate adaptation, and community resilience, while directing CARB to update offset protocols and improve transparency in fund management. SB 840 does not alter Cap-and-Invest implementation for publicly owned utilities but establishes a framework that may influence future state funding and grant opportunities related to greenhouse gas reduction.

2. Wildfire Mitigation and Utility Oversight

SB 254 (Becker) streamlines wildfire mitigation planning requirements for publicly owned utilities by reducing the required frequency of Wildfire Mitigation Plan updates from annual to once every four years. The bill maintains existing Board approval and Wildfire Safety Advisory Board (WSAB) review but shifts emphasis toward implementation and measurable risk reduction. This change reduces administrative workload and allows RPU to focus more resources on field mitigation, system hardening, and safety improvements. SB 254 also establishes a state reimbursement mechanism for investor-owned utilities through the POWER Fund, which does not apply to publicly owned utilities.

3. Market Governance and Reliability

AB 825 (Petrie-Norris) authorizes California's participation in regional California Independent System Operator (CAISO) governance through the Pathways Initiative. The Pathway's Initiative creates a regional energy market that encompasses the western United States and parts of Canada. The measure sets a potential transition timeline beginning in 2028 and establishes a framework for coordination between utilities and CAISO in future market development. AB 825 maintains state oversight while enabling broader regional resource sharing to support reliability and carbon-free integration.

SB 292 (Cervantes) would have required publicly owned utilities to submit annual reliability reports and expanded transparency for public-safety power shutoffs; however, the bill was vetoed by the Governor. The Governor's veto leaves current reliability reporting and planning requirements in place and noted that the bill would have resulted in duplicative work.

4. Planning and System Integration

AB 1408 (Irwin) sought to require CAISO to incorporate surplus interconnection capacity into transmission planning and to direct utilities to evaluate such capacity in their Integrated Resource Plans. The Governor vetoed the bill, citing existing CAISO processes that already address interconnection opportunities. The veto leaves current Integrated Resource Plan (IRP) and CAISO planning coordination requirements unchanged.

5. Load Flexibility and Demand Response

SB 541 (Becker) proposed new requirements for the California Energy Commission (CEC) to establish load-flexibility reporting and cost-effectiveness tracking for utilities. The bill was vetoed by the Governor, who referenced existing programs and regulatory efforts at the CEC and California Public Utilities Commission (CPUC). As a result, POUs retain discretion in how they measure and report demand-response and load-management activities.

6. Customer Protection and Engagement

Customer-facing protections advanced on several fronts. AB 1410 (Garcia) requires automatic customer enrollment in outage-notification systems by 2026, with phased compliance through 2030. AB 777 (Rodriguez) directs utilities to respond to defined outage-related data requests from the Department of Social Services, while AB 476 (González) strengthens junk-dealer recordkeeping and expands protections to utility equipment. AB 39 (Zbur) requires cities with populations greater than 75,000 to adopt electrification plans by 2030, with amendments ensuring coordination between cities and utilities to align planning and implementation.

7. Energy Sector Implementation

Implementation of 2025 energy legislation will focus on affordability, reliability, and compliance. Under AB 1207, RPU will maintain existing allowance sale and reporting processes while incorporating new requirements for natural gas allowance value. SB 840 restructures the state's Greenhouse Gas Reduction Fund beginning in 2026, and RPU will monitor program updates for potential funding or partnership opportunities.

AB 825 authorizes the Pathways initiative to develop a regional energy market by 2028, which RPU will continue to track for operational implications. SB 254 reduces wildfire mitigation plan updates for POUs from annual to once every four years, allowing RPU to focus more on implementation and system hardening.

Implementation of AB 1410 will require automatic outage-notification enrollment by 2026, improving customer communication and reliability. Together, these measures provide stability and reinforce RPU's commitment to safe, reliable, and affordable service.

Water Sector Overview

Water legislation in 2025 covered several themes important to utilities, including water quality, affordability, and long-term supply planning. Although few measures were enacted, the session signaled continued state interest in advancing PFAS oversight, low-income rate assistance, and integrated regional planning.

1. PFAS Compliance and Monitoring

SB 454 (McNerney) and AB 794 (Gabriel) both sought to expand local responsibilities for PFAS testing, monitoring, and treatment. SB 454 would have increased PFAS discharge monitoring and reporting requirements for local agencies but was vetoed by the Governor and will not move forward. AB 794 did not advance before the end of the first year of session and therefore became a two-year bill, eligible for further consideration in 2026. Although these measures did not become law, similar proposals are expected to return next year. RPU will continue to monitor legislative and regulatory developments, as the State Water Board may also pursue portions of this policy through administrative action.

2. Water Rate Assistance

Two bills introduced in 2025, SB 350 (Durazo) and AB 532 (Ransom), sought to establish statewide low-income rate assistance frameworks for water utilities. SB 350 would have required publicly owned utilities to adopt rate assistance programs consistent with state affordability guidelines and reporting standards. AB 532 proposed a voluntary approach, directing the State Water Resources Control Board to develop optional program criteria and provide technical assistance to local agencies. Both bills are two-year measures and may be considered again in 2026. They reflect ongoing legislative interest in expanding water affordability programs modeled on existing electric-sector frameworks.

3. Water Planning and Supply Reliability

SB 72 (Caballero), signed into law by Governor Newsom, updates the California Water Plan to better integrate local and regional planning into the state's long-term water management framework. The bill requires the Department of Water Resources to incorporate regional capital improvement priorities – such as groundwater recharge, recycled water, and conservation project – into statewide policy and funding strategies. In practice, SB 72 strengthens coordination between state and local agencies and aligns future investment planning with RPU's existing efforts to expand recycled water use, enhance groundwater sustainability, and improve overall supply reliability.

4. Water Sector Implementation

With PFAS legislation deferred and affordability programs still under consideration, RPU's near-term implementation efforts will focus on aligning internal planning processes with SB 72 and maintaining readiness for future regulatory or funding changes. Integrating SB 72's planning framework into RPU's Capital Improvement Plan will ensure consistency with state objectives for supply reliability, groundwater recharge, and recycled water expansion. RPU will also continue monitoring potential PFAS legislation and statewide affordability initiatives, positioning itself to adapt quickly as new compliance or reporting requirements emerge.

Other Bills: Housing and Infrastructure Planning

AB 130 (Assembly Committee on Budget) expands and accelerates housing approvals statewide by creating new CEQA exemptions for infill housing and amending the Permit Streamlining Act to shorten local permitting timelines. Qualifying infill projects — up to 20 acres and located in existing urban areas — are now exempt from CEQA if they meet specified site and environmental conditions, such as consistency with local plans and basic environmental standards. The bill also broadens the Streamlining Act to cover ministerial housing applications, makes the SB 330 preliminary application process permanent, and requires agencies to act on complete housing applications within defined deadlines.

For utilities, this faster approval process will increase the pace of new service requests, especially in existing neighborhoods where electric and water capacity may already be constrained. Higher density development will add pressure on local infrastructure, potentially requiring transformer and feeder upgrades on the electric side and possible main extensions and new service laterals on the water side. Because AB 130 limits discretionary review and shortens timelines, RPU will need to strengthen coordination with Planning and Building & Safety to identify projects earlier, manage capacity constraints, and integrate infill growth into both electric and water system planning. The bill supports the state's housing goals, but it will also require RPU to plan more quickly and strategically to maintain reliability and affordability as development activity increases.

Expectations for 2026

The 2025 session highlights the Legislature's intent to link affordability, resiliency, climate compliance, and housing supply. CARB rulemakings under AB 1207 and SB 840 will reshape allowance allocations, offsets, and compliance reporting, and market governance reforms under AB 825 will continue moving toward a potential 2028 transition. For water, PFAS compliance will remain a top-tier priority, while SB 72 provides a stronger foundation for long-term planning. With AB 130 now in effect, RPU must incorporate streamlined housing growth into system planning and ensure capacity upgrades keep pace with new development.

FISCAL IMPACT:

There is no fiscal impact associated with this report. Any actions RPU takes for implementation of the legislation discussed in the report will be addressed in future reports addressing program implementation.

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Attachments:

1. Assembly Bill 1207 (Irwin)
2. Senate Bill 840 (Limon)
3. Senate Bill 254 (Becker)
4. Assembly Bill 825 (Petrie-Norris)
5. Senate Bill 292 (Cervantes)
6. Assembly Bill 1408 (Irwin)
7. Senate Bill 541 (Becker)
8. Assembly Bill 1410 (Garcia)
9. Assembly Bill 777 (Rodriguez)
10. Assembly Bill 476 (González)
11. Assembly Bill 39 (Zbur)
12. Senate Bill 454 (McNerney)
13. Assembly Bill 794 (Gabriel)
14. Senate Bill 350 (Durazo)
15. Assembly Bill 532 (Ransom)
16. Senate Bill 72 (Caballero)
17. Assembly Bill 130 (Assembly Committee on Budget)
18. Presentation