BOARD MEETING DATE: August 7, 2026 AGENDA NO. 22

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a hybrid meeting on Friday, June 12, 2026. The following is a summary of the meeting.

Agenda Item	**Recommendation/Action**
SB 1213 (Reyes) – Zero-and near-zero-emission medium-and-heavy-duty vehicles: incentives: transparency.	**SUPPORT**
SB 1295 (Stern) – Electrical corporations: distributed energy storage systems and nonwire alternatives.	**SUPPORT IF AMENDED**

Receive and file this report and approve agenda items as specified in this letter.

V. Manuel Perez, Committee Chair
Legislative Committee

LT:CG:PC:EV:MC:MC

Call to Order
Committee Chair V. Manuel Perez called the meeting to order at 9:00 a.m.

Roll Call

<u>Committee Members</u>
Present: V. Manuel Perez, Committee Chair
Mayor Patricia Lock Dawson
Supervisor Curt Hagman
Councilmember Adrin Nazarian
Supervisor Janet Nguyen
Mayor Brenda Olmos

Absent: None

For additional details of the Legislative Committee Meeting, please refer to the Webcast.

ACTION/DISCUSSION ITEMS:

1. **Update on South Coast AQMD Sponsored and Position Bills**
   Carlos Gonzalez, Assistant Deputy Executive Officer, Legislative, Public Affairs and Media provided an update on South Coast AQMD's sponsored bills.
   - AB 2349 (Solache) would establish a statewide network of regional air quality incident response centers, including South Coast AQMD. The bill passed the Assembly floor unanimously with a 78-0 vote. The bill has been referred to the Senate Environmental Quality Committee and is scheduled to be heard by the Committee on June 24.
   - AB 907 (Solache) would provide air district representatives serving on the CARB Board the same level of compensation as other voting members. The bill's author changed from Assemblymember Phillip Chen to Assemblymember Jose Solache. The bill is scheduled to be heard in Senate Environmental Quality on June 17.
   - AB 1338 (Solache) is no longer a South Coast AQMD sponsored measure. The bill would have enabled air districts to recover costs associated with supporting new fenceline requirements at metal shredding facilities.

   There was no public comment.

   For additional details, please refer to the Webcast beginning at 4:58.

2. **Recommended Position on State Bills**
   Matthew Ceja, Federal Legislative Analyst, Legislative, Public Affairs and Media presented on SB 1213 (Reyes): Zero- and near-zero-emission medium- and heavy-duty vehicles: incentives: transparency. This bill would create new transparency requirements for medium-and heavy-duty vehicle incentive programs administered by CARB and the California Energy Commission (CEC). Additionally, the bill would require CARB to determine on a yearly basis if it should increase the number of state vouchers available under the Clean Truck and Bus Voucher Incentive Project, known as HVIP. For additional details, please refer to the Webcast beginning at 6:33.

   There was no public comment.

   Staff recommended a SUPPORT position on SB 1213.

   Moved by: Lock Dawson, Seconded by Olmos
   Ayes: Lock Dawson, Hagman, Nguyen, Olmos, Perez
   Noes: None
   Abstain: None
   Absent: Nazarian

   For additional details, please refer to the Webcast beginning at 8:55.

Erika Valle, State Legislative Analyst, Legislative, Public Affairs and Media presented SB 1295 (Stern): Electrical corporations: distributed energy storage systems and non-wire alternatives. This bill would require electrical utilities to consider distributed energy storage systems, specifically batteries, before building major new electrical infrastructure. For additional details, please refer to the Webcast beginning at 9:24.

Supervisor Nguyen commented that she likes the bill; however, she expressed concerns that it could create delays for electrical infrastructure projects.

Supervisor Perez asked for clarification on why private utilities oppose the bill and expressed interest in including publicly owned utilities in the bill. Ms. Valle responded that private utilities are opposed to increased regulation that they perceive may cause project delays. Supervisor Perez suggested replacing the staff recommendation of "Support" to "Support if Amended" position instead to potentially include publicly owned utilities within the scope of the bill.

Based on Committee discussion, a recommended position on SB 1295 of SUPPORT IF AMENDED to potentially include publicly owned utilities within the scope of the bill was proposed.

Moved by: Hagman, Seconded by Olmos
Ayes: Lock Dawson, Hagman, Nazarian, Olmos, Perez
Noes: None
Abstain: Nguyen
Absent: None

For additional details, please refer to the Webcast beginning at 19:03.

3. CARB Cap-and-Invest Amendments

Alfredo Arredondo, Resolute, provided an update regarding CARB's recently adopted amendments to the Cap-and-Invest Program. Mr. Arredondo reported that on May 29, 2026, CARB approved amendments to regulations governing the Cap-and-Invest Program. Mr. Arredondo also provided an update regarding the Legislature's response through the budget process to CARB's actions. For additional details, please refer to the Webcast beginning at 20:26.

Mayor Lock Dawson emphasized the difficulty CARB faced in balancing Cap-and-Investment policies that reduced greenhouse gas emissions while addressing affordability issues and concerns that industry will leave California, given her role as a member of the CARB board.

Wayne Nastri, Executive Officer, expanded on CARB's hearing. Concerns were raised by stakeholders regarding the limited engagement and review time on the amendments to the Cap-and-Invest Program. Representatives from seven air districts, including South Coast AQMD, emphasized the importance of fulfilling commitments under SB 840 to fully fund programs, including AB 617. Assemblymember Solache is leading a sign-on letter, and our staff are engaged.

There was no public comment.

DISCUSSION ITEMS:

4. Update and Discussion on Federal Legislative Issues

South Coast AQMD's federal legislative consultants (Cassidy & Associates, Kadesh & Associates and Holland & Hart) provided written reports on key Washington D.C. issues.

Jed Dearborn, Cassidy & Associates, provided an update on Fiscal Year 2027 Appropriations to fund the federal government. For additional information, please refer to the Webcast beginning at 34:21.

Mark Kadesh, Kadesh & Associates, reported on H.R. 8870, the "BUILD America Act" which would reauthorize surface transportation programs. For additional information, please refer to the Webcast beginning at 35:58.

Amelia Jenkins Morales, Holland & Hart, provided an overview on the Congressional Calendar for the rest of 2026. For additional information, please refer to the Webcast beginning at 39:40.

There was no public comment.

5. Update and Discussion on State Legislative Issues

South Coast AQMD's state legislative consultants (Joe A. Gonsalves & Son, Resolute, and Buckley Government Affairs) provided written reports on key Sacramento issues.

Paul Gonsalves, Joe A. Gonsalves & Son, provided an overview of the remaining legislative calendar and deadlines. For additional information, please refer to the Webcast beginning at 42:34.

Alfredo Arredondo, Resolute, provided an update on the results of the June primary election. For additional information, please refer to the Webcast beginning at 44:13.

Ross Buckley, Buckley Government Affairs, provided an update on the state budget. For additional information, please refer to the Webcast beginning at 46:56.

There was no public comment.

OTHER MATTERS:

6. Other Business

There was no other business to report.

7. Public Comment Period

There was no public comment.

8. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, August 14, 2026 at 9:00 a.m.

Adjournment

The meeting was adjourned at 9:49 a.m.

Attachments

1. Attendance
2. SB 1213 (Reyes)– Bill Analysis
3. SB 1213 (Reyes) – Bill Language
4. SB 1295 (Stern) – Bill Analysis
5. SB 1295 (Stern) – Bill Language
6. Update on Federal Legislative Issues – Written Reports
7. Update on State Legislative Issues – Written Reports

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
LEGISLATIVE COMMITTEE MEETING
ATTENDANCE RECORD – June 12, 2026

Supervisor V. Manuel Perez .... South Coast AQMD Board Member
Supervisor Curt Hagman .... South Coast AQMD Board Member
Mayor Patricia Lock Dawson .... South Coast AQMD Board Member
Mayor Brenda Olmos .... South Coast AQMD Board Member
Councilmember Adrin Nazarian .... South Coast AQMD Board Member
Supervisor Janet Nguyen .... South Coast AQMD Board Member

Marisela Santana .... Board Consultant (Olmos)
Guillermo Gonzalez .... Board Consultant (Perez)

Ross Buckley .... Buckley Government Affairs, LLC
Jed Dearborn .... Cassidy & Associates
Amelia Jenkins .... Holland and Heart
Paul Gonsalves .... Joe A. Gonsalves & Son
Mark Kadesh .... Kadesh & Associates
Alfredo Arredondo .... Resolute

Nate H .... Public Member
Bill LaMarr .... Public Member
Shane Osaki .... Public Member
Ramine Ross .... Public Member
Petter Whittingham .... Public Member

Jason Aspell .... South Coast AQMD Staff
Cesar Ayala .... South Coast AQMD Staff
Barbara Baird .... South Coast AQMD Staff
Cathy Bartels .... South Coast AQMD Staff
Lara Brown .... South Coast AQMD Staff
Cindy Bustillos .... South Coast AQMD Staff
Maria Corralejo .... South Coast AQMD Staff
Matthew Ceja .... South Coast AQMD Staff
Philip Crabbe .... South Coast AQMD Staff
Scott Gallegos .... South Coast AQMD Staff
Bayron T. Gilchrist........ South Coast AQMD Staff
Carlos Gonzalez .... South Coast AQMD Staff
De Groeneveld .... South Coast AQMD Staff
Alex Han .... South Coast AQMD Staff
Anissa Cessa Heard- Johnson .... South Coast AQMD Staff
Sheri Hanizavareh .... South Coast AQMD Staff
Aaron Katzenstein .... South Coast AQMD Staff
Angela Kim .... South Coast AQMD Staff
Grace Leblanc .... South Coast AQMD Staff

Howard Lee .... South Coast AQMD Staff
Jocelyn Lee .... South Coast AQMD Staff
Jason Low .... South Coast AQMD Staff
Terrence Mann .... South Coast AQMD Staff
Ian McMillan .... South Coast AQMD Staff
Nahal Mogharabi .... South Coast AQMD Staff
Ron Moskowitz .... South Coast AQMD Staff
Ghislain Muberwa .... South Coast AQMD Staff
Wayne Nastri .... South Coast AQMD Staff
Sarah Rees .... South Coast AQMD Staff
Mary Reichert .... South Coast AQMD Staff
Aisha Reyes .... South Coast AQMD Staff
Alberto Silva .... South Coast AQMD Staff
Lisa Tanaka .... South Coast AQMD Staff
Brian Tomasovic .... South Coast AQMD Staff
Elizabeth Vega .... South Coast AQMD Staff
Erika Valle .... South Coast AQMD Staff
Mei Wang .... South Coast AQMD Staff
Victor Yip .... South Coast AQMD Staff

ATTACHMENT 2A

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1213 (Reyes)
Version: As Amended – 5/14/2026
Analyst: MC/PC

SB 1213 (Reyes)
Zero- and near-zero-emission medium- and heavy-duty vehicles: incentives: transparency.

Summary: This bill would create new transparency requirements for medium- and heavy-duty vehicle incentive programs administered by the California Air Resources Board (CARB) and the California Energy Commission (CEC).

The bill would also require CARB to determine on a yearly basis if it should increase the number of state vouchers available under the Clean Truck and Bus Voucher Incentive Project (HVIP). The goal of increasing the number of vouchers would be to deploy more zero-emission vehicles (ZEVs) that provide a direct benefit to disadvantaged communities.

Background: The California Air Resources Board (CARB), in partnership with the California Energy Commission (CEC), administers several programs that help fund cleaner trucks, buses, and off-road equipment. These programs provide financial support for developing, testing, and deploying new zero-emission and near-zero-emission technologies, helping manufacturers and fleets bring cleaner vehicles and equipment to market more quickly.

One of the state's primary funding programs is the Alternative and Renewable Fuels and Vehicle Technology Program, also known as the Clean Transportation Program. Administered by the CEC, the program supports projects that expand clean transportation infrastructure, increase the use of alternative and renewable fuels, and encourage the adoption of cleaner vehicle technologies throughout California.

CARB also administers the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), which provides vouchers that reduce the upfront cost of purchasing eligible zero-emission commercial vehicles. HVIP helps businesses, public agencies, and other fleet operators transition to cleaner vehicles by making them more affordable. The program is funded primarily through the state's Greenhouse Gas Reduction Fund, Air Quality Improvement Program, and General Fund.

Together, these programs help improve air quality, reduce greenhouse gas emissions, and support California's transition to cleaner transportation technologies.

Status: 6/1/26: Referred to Assembly Transportation and Assembly Natural Resources Committees.

Specific Provisions: This bill would require the California Air Resources Board (CARB) and the California Energy Commission (CEC) to collect vehicle pricing information from manufacturers as a condition of a vehicle's eligibility for certain state incentive programs, including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). The requirements would apply to programs funded through the Greenhouse Gas Reduction Fund (GGRF), the Clean Transportation Program (CTP), and the California Clean Fuel Reward Program.

To improve transparency, manufacturers seeking state incentives for zero-emission vehicles (ZEVs) would be required to submit quarterly Manufacturer's Suggested Retail Price (MSRP) information for eligible vehicles. In addition, a final purchase order would be required for each incentivized vehicle, clearly identifying the vehicle's base price before incentives and itemizing any additional charges or fees. CARB and CEC would also be authorized to collect information necessary to monitor vehicle pricing and evaluate pricing practices within covered incentive programs.

The bill establishes enforcement provisions for noncompliance, including suspension from participation in state incentive programs and recovery of previously awarded incentive funds if a manufacturer is found to have provided false information or engaged in anticompetitive pricing or sales practices. CARB would also be authorized to coordinate with the Attorney General on any necessary investigations.

The bill would further require CARB to annually evaluate whether additional HVIP vouchers should be made available to increase the deployment of zero-emission vehicles, particularly in disadvantaged communities. Finally, by January 1, 2028, CARB, in coordination with the Governor's Office of Business and Economic Development (GO-Biz) and the California Infrastructure and Economic Development Bank (IBank), would be required to examine alternative financing options to support medium- and heavy-duty zero-emission vehicle deployment and report its findings to the Legislature.

Impacts on South Coast AQMD's Mission, Operations or Initiatives: According to the author, California leads in promoting medium and heavy-duty ZEV's to support clean transportation goals and reduce harmful air pollutants such as PM2.5 and NOx that endanger the health of disadvantaged communities in our state. The state uses incentive programs such as HVIP to speed up the deployment of these ZEVs. However, there is concern that the price of electric trucks in the United States increased by 32% even as battery costs have declined and electric truck prices in the European Union have fallen by 27% over the same period. The author argues that the rise in prices in the United States is proof that more needs to be done to ensure that incentives to transition to cleaner fleets are transparent and competitive. Providing ZEV incentives only to manufacturers willing to disclose price-related information, as required by this bill, will increase transparency and competitiveness. In the end, transparency in actual vehicle costs may help lower prices of medium- and heavy-duty ZEVs in California.

The bill also seeks to encourage the expansion of HVIP by requiring CARB to annually reevaluate if it should increase the number of state vouchers available under the program. HVIP vouchers reduce the upfront cost of purchases or leases of medium- and heavy-duty ZEVs through a point-of-sale discount. Vouchers, which are processed through ZEV dealerships, are limited in number and are available on a first-come first-served basis. Please note that HVIP does not require scrappage of an older vehicle. The goal of increasing the number of HVIP vouchers would be to deploy more ZEVs that provide a direct benefit to disadvantaged communities. These additional ZEVs would help create additional emissions reductions for communities most in need.

SB 1213 is consistent with South Coast AQMD's priorities to support the development and deployment of the cleanest commercially available technologies with prioritization for zero-emission infrastructure, equipment, and vehicles to protect public health and facilitate attainment of clean air standards within the South Coast region.

Recommended Position: SUPPORT

SUPPORT

Apen Action
California Environmental Voters
Coalition for Clean Air
Federation of American Scientists
Natural Resources Defense Council (NRDC)
Sierra Club

OPPOSITION

N/A

ATTACHMENT 2B

AMENDED IN SENATE MAY 14, 2026

AMENDED IN SENATE MARCH 25, 2026

SENATE BILL No. 1213

Introduced by Senator Reyes

February 19, 2026

An act to amend Section 39719.2 of, and to add Sections 43215, 43216, and 44274.16 to, the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 1213, as amended, Reyes. Zero- and near-zero-emission medium- and heavy-duty vehicles: incentives: transparency.

(1) Existing law establishes the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, to be administered by the State Air Resources Board in conjunction with the State Energy Resources Conservation and Development Commission (Energy Commission). The program funds eligible projects, including, among others, projects for technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology, including projects that help to facilitate clean goods movement corridors. Existing law establishes the Clean Transportation Program, administered by the Energy Commission, to provide, among other things, competitive grants and revolving loans to specified entities for those entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies.

This bill would require, within the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, the state board and the Energy Commission, beginning January 1, 2027, to condition the inclusion of any medium- or heavy-duty vehicle model in specified incentive programs, including the Clean Transportation Program, on the receipt of the pricing data specified below.

(2) Existing law establishes the state board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The state board, in this capacity, administers the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project under which the agency issues a limited number of vouchers to incentivize the purchase and use of zero-emission commercial vehicles.

This bill would require the state board, in order to support the deployment of zero-emission heavy-duty vehicles through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, to annually reevaluate the cap on the purchase of unredeemed state vouchers issued through the project, as ~~specified, and allow for vouchers to be used to cover up to 90% of the total cost of the purchase of a vehicle, as provided.~~ *specified.*

This bill, beginning January 1, 2027, would require a state agency administering any medium- or heavy-duty vehicle incentive program that receives funding from the Greenhouse Gas Reduction Fund, including, but not limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, and any program that receives funding through the California Clean Fuel Reward administered by the state board through the Low-Carbon Fuel Standard regulations, or through the Clean Transportation Program, to condition the inclusion of any medium- or heavy-duty vehicle model in that program upon certain transparency requirements. The bill would require these transparency requirements to include, among other things, the original equipment manufacturer providing the manufacturer suggested retail price for all zero-emission vehicle models offered for sale in California that may be funded by the above-described incentive programs and receipt by the administering agency of a final itemized purchase order, as provided.

This bill would require the state board, in coordination with the Energy Commission, to compile and make publicly available on its internet website the data provided pursuant to these requirements. The bill would also authorize the state board to recover previously dispersed incentive funds that are found to be dispersed based on false data that was knowingly provided or through anticompetitive pricing or sales behavior, as provided. The bill would require immediate suspension of a vehicle model's eligibility for the above-described incentive programs for failure to comply with the reporting requirements.

(3) Existing law establishes the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program within the Air Quality Improvement Program to make financing tools and nonfinancial supports available to operators of medium- and heavy-duty vehicle fleets to enable those operators to transition their fleets to zero-emission vehicles.

The bill would require the state board, on or before January 1, 2028, and in coordination with the Governor's Office of Business and Economic Development and the *California* Infrastructure and Economic Development Bank, to explore alternative financing opportunities to encourage the deployment of zero-emission medium- and heavy-duty vehicles and report its findings regarding these alternative financing opportunities to the Legislature. The bill would require this report to include, but not be limited to, incentives with a specific focus on encouraging new entries into the market, spurring market competition, and prioritizing manufacturing within the state, and an evaluation of ways to de-risk and scale up the participation of private investors in the market for affordable zero-emission medium- and heavy-duty vehicles, including used vehicles.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares both of the following:

(a) Robust competition and fair pricing are essential to the successful deployment of zero-emission heavy-duty vehicles that are necessary to achieve California's climate and public health goals.

(b) To ensure the integrity of the state's climate programs, the receipt of state funding should be conditioned upon full pricing transparency.

SEC. 2. Section 39719.2 of the Health and Safety Code is amended to read:

39719.2. (a) The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program is hereby created, to be administered by the state board in conjunction with the State Energy Resources Conservation and Development Commission. The program, from moneys appropriated from the fund for the purposes of the program, shall fund development, demonstration, precommercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. Priority shall be given to projects benefiting disadvantaged communities pursuant to the requirements of Sections 39711 and 39713.

(b) Projects eligible for funding pursuant to this section include, but are not limited to, the following:

(1) Technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology, including projects that help to facilitate clean goods movement corridors. This includes peer-to-peer truck sharing platform demonstration. Until December 31, 2021, no less than 20 percent of funding made available for purposes of this paragraph shall support early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

(2) Zero- and near-zero-emission bus technology development, demonstration, precommercial pilots, and early commercial deployments, including pilots of multiple vehicles at one site or region.

(3) Zero- and near-zero-emission off-road vehicle and equipment technology development, demonstration, precommercial pilots, and early commercial deployments, including vehicles and equipment in the port, agricultural, marine, construction, and rail sectors.

(4) Purchase incentives, which may include point-of-sale, for commercially available zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and fueling infrastructure to support early market deployments of alternative technologies and to increase manufacturer volumes and accelerate market acceptance.

(5) Projects that support greater commercial motor vehicle and equipment freight efficiency and greenhouse gas emissions reductions, including, but not limited to, advanced intelligent transportation systems, autonomous vehicles, grid integration and integrated storage solutions, charging management demonstration and analytics, and other freight information and operations technologies.

(c) The state board, in consultation with the State Energy Resources Conservation and Development Commission, shall develop guidance through the existing Air Quality Improvement Program funding plan process for the implementation of this section that is consistent with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)) and this chapter.

(d) The guidance developed pursuant to subdivision (c) shall do all of the following:

(1) Outline performance criteria and metrics for deployment incentives. The goal shall be to design a simple and predictable structure that provides incentives for truck, bus, and off-road vehicle and equipment technologies that provide significant greenhouse gas reduction and air quality benefits.

(2) (A) Ensure that program investments are coordinated with funding programs developed pursuant to the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9 (commencing with Section 44270) of Part 5).

(B) The State Energy Resources Conservation and Development Commission shall advise the state board on how to allocate money for vehicle charging infrastructure consistent with the commission's investment plan strategies on charging infrastructure.

(3) Promote projects that assist the state in reaching its climate goals beyond 2030, consistent with Section 38566.

(4) Promote investments in medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, marine equipment, and rail equipment.

(5) Implement purchase incentives for eligible technologies to increase the use of the cleanest vehicles in disadvantaged communities.

(6) Allow for remanufactured and retrofitted vehicles to qualify for purchase incentives if those vehicles meet warranty and emissions requirements, as determined by the state board.

(7) Establish a competitive process for the allocation of moneys for projects funded pursuant to this section.

(8) Leverage, to the maximum extent feasible, federal or private funding.

(9) Ensure that the results of emissions reductions or benefits can be measured or quantified.

(10) Ensure that activities undertaken pursuant to this section complement, and do not interfere with, efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminants.

(e) In evaluating potential projects to be funded pursuant to this section, the state board shall give priority to projects that demonstrate one or more of the following characteristics:

(1) Benefit disadvantaged communities pursuant to Sections 39711 and 39713 or communities with a community emissions reduction program implemented pursuant to Section 44391.2.

(2) The ability to leverage additional public and private funding.

(3) The potential for cobenefits or multiple-benefit attributes.

(4) The potential for the project to be replicated.

(5) Regional benefit, with focus on collaboration between multiple entities.

(6) Support for technologies with broad market and emissions reduction potential.

(7) Support for projects addressing technology and market barriers not addressed by other programs.

(8) Support for enabling technologies that benefit multiple technology pathways.

(f) In implementing this section, the state board, in consultation with the State Energy Resources Conservation and Development Commission, shall create an annual framework and plan. The framework and plan shall be developed with public input and may use existing investment plan processes and workshops as well as existing state and third-party research and technology roadmaps. The framework and plan shall do all of the following:

(1) Articulate an overarching vision for technology development, demonstration, precommercial pilot, and early commercial deployments, with a focus on moving technologies through the commercialization process.

(2) Outline technology categories and performance criteria for technologies and applications that may be considered for funding pursuant to this section. This shall include technologies for medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port

equipment, agricultural equipment, construction equipment, marine equipment, and rail equipment.

(3) Describe the roles of the relevant agencies and the process for coordination.

(g) For purposes of this section, "zero- and near-zero-emission" means vehicles, fuels, and related technologies that reduce greenhouse gas emissions and improve air quality when compared with conventional or fully commercialized alternatives, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission. "Zero- and near-zero-emission" may include, but is not limited to, zero-emission technology, enabling technologies that provide a pathway to emissions reductions, advanced or alternative fuel engines for long-haul trucks, and hybrid or alternative fuel technologies for trucks and off-road equipment.

(h) (1) In addition to the requirements of Section 44258.4, commencing with the funding plan for the 2019–20 fiscal year of the Air Quality Improvement Program (Article 3 (commencing with Section 44274) of Chapter 8.9 of Part 5), the state board shall include a three-year investment strategy that includes the immediate fiscal year and a forecast of estimated funding needs for the subsequent two fiscal years for zero- and near-zero-emission heavy-duty vehicles and equipment commensurate with meeting the goals of this chapter and the goals of the state.

(2) The three-year investment strategy shall do all of the following:

(A) Describe the role of public investments in supporting the demonstration and deployment of advanced technologies.

(B) Provide an assessment of available funding and the investment needed.

(C) Provide a description of the state board's portfolio of investments.

(3) The state board, in consultation with the State Energy Resources Conservation and Development Commission, shall include in the investment strategy information related to milestones achieved by the state's schoolbus incentive programs and the projected need for funding taking into consideration the state's schoolbus inventory, turnover, and useful life.

(i) Beginning January 1, 2027, the state board and the State Energy Resources Conservation and Development Commission shall condition the inclusion of any medium- or heavy-duty vehicle model in any incentive program that receives funding from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code, including, but not limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, and in any program that receives funding through the California Clean Fuel Reward administered by the state board through the Low-Carbon Fuel Standard regulations (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations) or through the Clean Transportation Program (Article 2 (commencing with Section 44272) of Chapter 8.9 of Part 5) on receipt of the pricing data specified in Section 43216.

SEC. 3. Section 43215 is added to the Health and Safety Code, to read:

43215. *(a)* The state board, in order to support the deployment of zero-emission heavy-duty vehicles through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, shall ~~do both of the following:~~ *annually reevaluate the cap on the purchase of unredeemed state vouchers issued through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project with the goal of increasing the cap to the extent feasible to maximize the benefits of zero-emission vehicles deployed.*

~~(a) (1) Annually reevaluate the cap on the purchase of unredeemed state vouchers issued through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project with the goal of increasing the cap to the extent feasible to maximize the benefits of zero-emission vehicles deployed.~~

~~(2)~~

(b) An increase to the voucher cap shall be provided on the purchase of electric medium- and heavy-duty vehicles that provide a direct and meaningful benefit to disadvantaged communities, as identified pursuant to Section 39711. The state board shall establish criteria for determining the eligibility of an applicant and the required nexus between vehicle operation and community benefit.

~~(b) Allow for vouchers to be used to cover up to 90 percent of the total cost of the purchase of a vehicle through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, including, but not limited to, taxes and delivery fees.~~

SEC. 4. Section 43216 is added to the Health and Safety Code, to read:

43216. (a) Beginning January 1, 2027, the state agency administering any medium- or heavy-duty vehicle incentive program that receives funding from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code, including, but not limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, and any program that receives funding through the California Clean Fuel Reward administered by the state board through the Low-Carbon Fuel Standard regulations (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations) or through the Clean Transportation Program (Article 2 (commencing with Section 44272) of Chapter 8.9 of Part 5), shall condition the inclusion of any medium- or heavy-duty vehicle model in that program upon the following transparency requirements:

(1) The original equipment manufacturer shall provide the manufacturer's suggested retail price for all zero-emission vehicle models offered for sale in California that may be funded by any incentive program described in this subdivision to the administering agency quarterly.

(2) Receipt by the administering agency of a final purchase order for each vehicle for which an incentive is sought that clearly lists the final base unit price of the vehicle, not including incentives, and itemizes any charges for warranty, taxes, fees, service agreements, or additional components not original to the vehicle.

(3) Receipt by the administering agency of any additional data needed to effectively track vehicle pricing behavior in the covered incentive programs, including, but not limited to, vehicle make and model, model year, gross vehicle weight rating, body type, vehicle identification number, and nominal battery capacity of any vehicle for which an incentive is sought.

(b) The state board, in coordination with the State Energy Resources Conservation and Development Commission, shall, every six months, compile and make the data provided pursuant to subdivision (a) publicly available on its internet website in an aggregated format that anonymizes buyers and includes pricing data shown by vehicle model for each model year in order to provide market certainty and facilitate oversight.

(c) (1) Failure to comply with the reporting requirements set forth in subdivision (a) shall result in the immediate suspension of a vehicle model's eligibility for state incentive programs.

(2) The state board may recover previously dispersed incentive funds that are found to be dispersed based on false data that was knowingly provided or through anticompetitive pricing or sales behavior.

(3) The state board may coordinate with the Attorney General to investigate any violations of this section.

SEC. 5. Section 44274.16 is added to the Health and Safety Code, immediately following Section 44274.15, to read:

44274.16. On or before January 1, 2028, the state board, in coordination with the Governor's Office of Business and Economic Development and the *California* Infrastructure and Economic Development Bank, shall explore alternative financing opportunities to encourage the deployment of zero-emission medium- and heavy-duty vehicles and report, consistent with Section 9795 of the Government Code, its findings regarding these alternative financing opportunities to the Legislature. This report shall include, but not be limited to, all of the following:

(a) Incentives with a specific focus on encouraging new entries into the market, spurring market competition, and prioritizing manufacturing within the state.

(b) An evaluation of ways to de-risk and scale up the participation of private investors in the market for affordable zero-emission medium- and heavy-duty vehicles, including used vehicles.

(c) An evaluation of providing low-cost loans for zero-emission trucks.

(d) An exploration of the development of residual value guarantees for zero-emission trucks.

(e) Recommendations on improving market function to increase deployment and decrease costs.

(f) Other data sources, reporting mechanisms, and disclosures that could be used, including, but not limited to, of data that may be held or generated by the Department of Motor Vehicles, that would further achieve these goals and promote well-functioning markets and capital access for medium- and heavy-duty vehicles.

SEC. 6. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

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ATTACHMENT 2C

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1295 (Stern)
Version: Amended - 4/28/2026
Analyst: EV

SB 1295 (Stern)
Electrical corporations: distributed energy storage systems and nonwire alternatives.

Summary: This bill would require an electrical corporation, for any proposed distribution or transmission infrastructure investment above a threshold established by the California Public Utilities Commission (CPUC), to evaluate whether distributed energy storage systems or other nonwire alternatives can meet the identified reliability or capacity need.

Background: The California Public Utilities Commission (CPUC) is authorized to establish energy storage procurement targets for load-serving entities, when appropriate, and directs the state's three largest investor-owned utilities to develop programs and investments that support the deployment of distributed energy storage systems.

The bill is based on concerns that California's electric grid is facing increasing challenges related to reliability, affordability, and capacity. In some areas, the local electric system does not have enough capacity to meet growing demand, which can affect reliability and, in some cases, contribute to power shutoffs or other service disruptions. The bill notes that utilities often rely on traditional infrastructure projects, such as new substations and transmission upgrades, which can be expensive and take years to complete.

The bill finds that energy storage systems can help address these challenges by providing additional grid capacity, improving reliability, and supporting the state's growing electricity needs. It also highlights the rapid growth of battery storage in California, which has increased from about 500 megawatts in 2018 to more than 16,900 megawatts in recent years. As the state continues to electrify transportation, buildings, and other sectors, energy storage needs are expected to grow to approximately 52,000 megawatts by 2045.

Status: 5/27/26: Read third time. Passed. Ordered to the Assembly.

Specific Provisions: Specifically, this bill would:

1. Require an electrical corporation, for any proposed distribution or transmission infrastructure investment above a threshold established by the CPUC, to evaluate whether distributed energy storage systems or other nonwire alternatives can meet the identified reliability or capacity need.
2. Prohibit the CPUC from approving rate recovery for a proposed infrastructure investment unless the electrical corporation demonstrates either that nonwire alternatives are not feasible within the required timeframe or that nonwire alternatives are not cost effective.
3. Authorize an electrical corporation to procure, own, or enter into a long-term contract for distributed energy storage systems interconnected at the distribution level to meet identified reliability or capacity needs.
4. Require the CPUC to authorize an electrical corporation to recover the reasonable costs of, and earn a return on, distributed energy storage systems and contracts procured pursuant to this bill.

5. Requires an electrical corporation, if it determines that a nonwire alternative may be feasible, to conduct a competitive solicitation or other transparent process to evaluate third-party solutions.

Impacts on South Coast AQMD's Mission, Operations or Initiatives: SB 1295 could assist in addressing energization needs statewide by encouraging utilities to evaluate distributed energy storage systems and other nonwire alternatives before constructing traditional grid infrastructure. Additionally, the bill could support greater integration of renewable energy resources, reduce reliance on fossil-fuels, facilitate broader electrification efforts, and reduce deenergization events. Also, by addressing energization issues, SB 1295 could ultimately support the deployment of zero-emission vehicles, equipment and infrastructure within the South Coast region and statewide.

Utilities are opposing SB 1295 because they believe the process to evaluate distributed energy storage systems or other nonwire alternatives will require significant time and resources without necessarily providing successful alternative outcomes.

Overall, South Coast AQMD supports legislative efforts to promote energy efficiency and reliable, cost effective and clean energy in the South Coast region, especially in disproportionately impacted environmental justice communities.

Recommended Position: SUPPORT

SUPPORT
Deploy Action

OPPOSITION
Pacific Gas & Electric Company (PG&E)
San Diego Gas and Electric
Southern California Edison

ATTACHMENT 2D

AMENDED IN SENATE APRIL 28, 2026

AMENDED IN SENATE APRIL 9, 2026

SENATE BILL No. 1295

Introduced by Senator Stern
(Coauthor: Senator Becker)

February 20, 2026

An act ~~to amend Section 380 of, and~~ to add ~~Sections~~ *Section* 469.5 ~~and 2837.5 to,~~ *to* the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 1295, as amended, Stern. ~~Distributed~~ *Electrical corporations: distributed* energy storage ~~systems: procurement.~~ *systems and nonwire alternatives.*

Existing law requires the Public Utilities Commission ~~(PUC)~~ to determine appropriate targets, if any, for each load-serving entity, as defined, to procure viable and cost-effective energy storage systems to be achieved by December 31, 2020. Existing law requires the ~~PUC~~ *commission* to direct the state's 3 largest electrical corporations to file applications for programs and investments to accelerate widespread deployment of distributed energy storage systems.

~~This bill would require the PUC, in addition to the requirements described above, on or before January 1, 2030, to consider procurement strategies to support the installation of distributed energy storage systems, as provided. The bill would require the State Energy Resources Conservation and Development Commission, in consultation with the PUC and the Independent System Operator, on or before July 1, 2028, and biennially thereafter, to identify and evaluate constrained distribution areas, as defined, and local capacity areas, as defined, for those purposes, as provided. As part of the procurement strategies~~

~~considered by the PUC, the bill would require the PUC to require each load-serving entity to demonstrate that identified localized reliability vulnerability areas will be addressed within a reasonable planning horizon and using the least-cost portfolio of resources, including distributed energy storage systems and other nonwire alternatives, as specified. If the PUC imposes an energy storage system procurement target on load-serving entities, the bill would authorize each load-serving entity to meet up to 50% of its procurement target through energy storage systems that it owns, that are interconnected at the transmission or distribution level, or that are located on the customer side of the meter, as specified. The bill would require the PUC to reconsider procurement strategies and appropriate targets not less than once every 3 years. The bill would authorize the PUC to approve, or modify and approve, electrical corporation programs to deploy, and investments in, distributed energy storage systems that include appropriate energy storage management systems and reasonable mechanisms for cost recovery. The bill would require the PUC, on or before January 1, 2028, to amend its tariffs that govern the deployment of energy storage systems, as provided. The bill would require the PUC to authorize an electrical corporation to earn a return on investments in and operation of distributed energy storage systems and other nonwire alternatives deployed to address localized reliability vulnerability areas. The bill would require the commission to establish performance-based mechanisms that allow an electrical corporation to earn incentives for achieving measurable outcomes, including, but not limited to, integration of cost-effective distributed energy resources, as provided.~~

~~Existing law requires the PUC to adopt a process for each load-serving entity to file an integrated resource plan, adopt a schedule for periodic updates to the plan, and ensure each load-serving entity take specified actions, as specified.~~

~~This bill would require that the integrated resource plan of each load-serving entity include energy storage systems, as provided.~~

This bill would require an electrical corporation, for any proposed distribution or transmission infrastructure investment above a threshold established by the commission, to evaluate whether distributed energy storage systems or other nonwire alternatives can meet the identified reliability or capacity need, as provided. The bill would require an electrical corporation, if it determines that a nonwire alternative may be feasible, to conduct a competitive solicitation or other transparent process to evaluate third-party solutions. The bill would prohibit the *commission from approving rate recovery for a proposed infrastructure investment unless the electrical corporation demonstrates either that nonwire alternatives are not feasible within the required timeframe or that nonwire alternatives are not cost effective, as provided. The bill would authorize an electrical corporation to procure, own, or enter into a long-term contract for distributed energy storage systems interconnected at the distribution level to meet identified reliability or capacity needs, and would require the commission to authorize an electrical corporation to recover the reasonable costs of, and earn a return on, those distributed energy storage systems, as provided.*

Under existing law, a violation of the Public Utilities Act or of any order, decision, rule, direction, demand, or requirement of the ~~PUC~~ *commission* is a crime.

Because ~~certain~~ *the* provisions of this bill would be part of the act, and a violation of a ~~PUC~~ *commission* action implementing the bill's requirements would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Energy storage system deployment can provide grid capacity and grid services, and help meet resource adequacy requirements of the California electricity grid.

(b) Front-of-the-meter battery deployment within the service territory of the Independent System Operator is rapidly expanding, with batteries comprising roughly 46 percent of total capacity in the interconnection queue as of mid-2025.

(c) From 2018 through mid-2025, battery storage capacity in California increased from 500 megawatts to more than 16,900 megawatts, with state projections envisioning 52,000 megawatts of battery storage needed by 2045.

(d) Energy storage is increasingly an affordable and attractive resource option for load-serving entities and regulators to consider, in part due to its declining costs, its modularity, and its fast average development timelines.

(e) Distributed energy storage systems of not more than 10 megawatts in capacity are well suited to meet near-term priority grid zones and high-risk grid soft spots, including constrained distribution areas and local capacity areas, areas that have been deemed higher risk for failure, have higher documented history of deenergization event occurrence, or are overly constrained with documented need for a reduction in aggregate demand serving the substation or feeder, and that can help defer traditional grid upgrade investments in the near term.

(f) The inclusion of energy storage, including distributed energy storage systems, in integrated resource planning, distribution resource planning, and rate design can help incentivize load-serving entity and third-party ownership and procurement of these systems while lowering Californian's energy costs and enabling improved grid resiliency and grid services.

(g) The Public Utilities Commission and the State Energy Resources Conservation and Development Commission can leverage lessons learned from previous distributed energy resource deployment programs, including, but not limited to, the locational net ~~benefits~~ *benefit* analysis methodology and subsequent distribution planning frameworks, to inform future distributed energy resource plans and to aid in effective systemwide rollout to address ~~priority or high-risk grid soft spots.~~ *constrained distribution areas.*

~~SEC. 2. Section 380 of the Public Utilities Code is amended to read:~~

~~380. (a) The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities.~~

~~(b) In establishing resource adequacy requirements, the commission shall ensure the reliability of electrical service in California while advancing, to the extent possible, the state's goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases. The resource adequacy program shall achieve all of the following objectives:~~

~~(1) Facilitate the development of new generating, nongenerating, and hybrid capacity and the retention of existing generating, nongenerating, and hybrid capacity that is economical and needed for reliability and to achieve the state policy specified in Section 454.53.~~

~~(2) Establish new, or maintain existing, demand response products and tariffs that facilitate the economical dispatch and use of demand response that can either meet or reduce an electrical corporation's resource adequacy requirements, as determined by the commission.~~

~~(3) Equitably allocate the cost of generating capacity and demand response in a manner that prevents the shifting of costs between customer classes.~~

~~(4) Minimize enforcement requirements and costs.~~

~~(5) Consideration of mitigation measures, if the commission determines they are needed, to reduce costs to ratepayers.~~

~~(6) Maximize the ability of community choice aggregators to determine the generation resources used to serve their customers.~~

~~(c) Each load-serving entity shall maintain physical generating capacity and electrical demand response adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity or electrical demand response shall be deliverable to locations and at times as may be necessary to maintain electrical service system reliability, local area reliability, and flexibility.~~

~~(d) Each load-serving entity shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the board of directors of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.~~

~~(e) The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy, the renewables portfolio standard program, and the integrated resource planning process pursuant to Section 454.52 that apply to electrical corporations pursuant to this section, or are otherwise required by law or by order or decision of the commission. The commission shall exercise its enforcement powers to ensure compliance by all load-serving entities.~~

~~(f) (1) The commission shall require sufficient information, including, but not limited to, anticipated load, actual load, and measures undertaken by a load-serving entity to ensure resource adequacy, to be reported to enable the commission to determine compliance with the resource adequacy requirements established by the commission.~~

~~(2) The commission shall calculate and publish annually on its internet website, in a new report or as part of another report, the percentage of each load-serving entity's local and system resource adequacy requirements from the previous calendar year that was met with capacity from eligible renewable energy resources pursuant to the California Renewables Portfolio Standard Program (Article 16 (commencing with Section 399.11)), other zero-carbon resources, including large hydroelectric and nuclear resources, or energy storage resources. In determining the percentage of each load-serving entity's resource adequacy requirements, the commission shall include all directly owned or contracted resources and each load-serving entity's allocation of any centrally procured resources or allocation of resources pursuant to any other mechanism that involves an assignment or allocation of resources purchased or owned by a single buyer, and shall exclude any share of a load-serving entity's resources that were allocated to another load-serving entity.~~

~~(g) An electrical corporation's costs of meeting or reducing resource adequacy requirements, including, but not limited to, the costs associated with system reliability, local area reliability, or flexible resource adequacy, that are determined to be reasonable by the commission, or are otherwise recoverable under a procurement plan approved by the commission pursuant to Section 454.5, shall be fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission, at the time the commitment to incur the cost is made, on a fully nonbypassable basis, as determined by the commission. The commission shall exclude any amounts authorized to be recovered pursuant to Section 366.2 when authorizing the amount of costs to be recovered from customers of a community choice aggregator or from customers that purchase electricity through a direct transaction pursuant to this subdivision.~~

~~(h) The commission shall determine and authorize the most efficient and equitable means for achieving all of the following:~~

~~(1) Meeting the objectives of this section.~~

~~(2) Ensuring that investment is made in new generating capacity.~~

~~(3) Ensuring that existing generating capacity that is economical is retained to ensure reliability.~~

~~(4) Ensuring that the resource adequacy program can reasonably maintain a standard measure of reliability, such as a one-day-in-10-year loss-of-load expectation or a similarly robust reliability metric adopted by the commission, and use it for planning purposes.~~

~~(5) Ensuring that the cost of generating capacity and demand response is allocated equitably.~~

~~(6) Ensuring that community choice aggregators can determine the generation resources used to serve their customers.~~

~~(7) Ensuring that investments are made in new and existing demand response resources that are cost effective and help to achieve electrical grid reliability and the state's goals for reducing emissions of greenhouse gases.~~

~~(8) Minimizing the need for backstop procurement by the Independent System Operator.~~

~~(i) In making the determination pursuant to subdivision (h), the commission may consider a centralized resource adequacy mechanism among other options.~~

~~(j) The commission shall ensure appropriate valuation of both supply and load modifying demand response resources. The commission, in an existing or new proceeding, shall establish a mechanism to value load modifying demand response resources, including, but not limited to, the ability of demand response resources to help meet distribution needs and transmission system needs and to help reduce a load-serving entity's resource adequacy obligation pursuant to this section. In determining this value, the commission shall consider how these resources further the state's electrical grid reliability and the state's goals for reducing emissions of greenhouse gases. The commission, Energy Commission, and Independent System Operator shall coordinate to jointly ensure that changes in demand caused by load modifying demand response are expeditiously and comprehensively reflected in the Energy Commission's Integrated Energy Policy Report forecast and in planning proceedings and associated analyses, and shall encourage reflection of these changes in demand in the operation of the grid.~~

~~(k) For purposes of this section, "load-serving entity" means an electrical corporation, electric service provider, or community choice aggregator. "Load-serving entity" does not include any of the following:~~

~~(1) A local publicly owned electric utility.~~

~~(2) The State Water Resources Development System commonly known as the State Water Project.~~

~~(3) Customer generation located on the customer's site or providing electric service through arrangements authorized by Section 218, if the customer generation, or the load it serves, meets one of the following criteria:~~

~~(A) It takes standby service from the electrical corporation on a commission-approved rate schedule that provides for adequate backup planning and operating reserves for the standby customer class.~~

~~(B) It is not physically interconnected to the electrical transmission or distribution grid, so that, if the customer generation fails, backup electricity is not supplied from the electrical grid.~~

~~(C) There is physical assurance that the load served by the customer generation will be curtailed concurrently and commensurately with an outage of the customer generation.~~

~~(*l*) It is the policy of the state that energy storage systems procured pursuant to Section 2837.5 satisfy the resource adequacy requirements for load-serving entities established by this section.~~

~~SEC. 3.~~

SEC. 2. Section 469.5 is added to the Public Utilities Code, to read:

~~469.5. (a) For purposes of this section, all of the following definitions apply:~~

~~(1) "Community choice aggregator" has the same meaning as defined in Section 331.1.~~

~~(2) "Constrained distribution area" means a segment of the distribution grid where capacity limits are already delaying, or are anticipated to delay, energization of new loads or the ability to handle load growth from existing customers, as identified by low load-hosting capacity or by locational net benefits analysis, or a similar successor metric, as determined by the commission.~~

~~(3) "Distributed energy storage system" has the same meaning as defined in Section 2838.2.~~

~~(4) "Energy storage system" has the same meaning as defined in Section 2835.~~

~~(5) "High-load-growth area" means a geographic area within the electrical distribution or transmission system where projected load growth exceeds a threshold established by the commission and is expected to result in near-term reliability constraints, infrastructure upgrade requirements, or interconnection delays.~~

~~(6) "Load-serving entity" has the same meaning as defined in Section 380.~~

~~(7) "Localized reliability vulnerability area" means a specific geographic area where a load-serving entity is dealing with a constrained distribution capacity or local capacity challenge, as identified by the Independent System Operator using information at the feeder or substation level using time-resolved load forecasts, hosting capacity analyses, and probabilistic load growth scenarios.~~

~~(b) (1) In addition to the requirements of Section 454.52, the integrated resource plan of each load-serving entity shall include energy storage systems, including distributed energy storage systems procured under Section 2837.5, and those energy storage systems shall be cost effective.~~

~~(2) Each load-serving entity shall, in each integrated resource plan cycle, include all of the following:~~

~~(A) Analysis and projections of no fewer than 10 identified localized reliability vulnerability areas. The analysis and projections shall include discussion of all of the following metrics:~~

~~(i) Reductions in outage risk.~~

~~(ii) Deferred infrastructure investment.~~

~~(iii) Increased hosting capacity.~~

~~(iv) Projected load growth.~~

~~(B) Specific procurement or deployment actions to resolve each identified localized reliability vulnerability area within a reasonable planning horizon not to exceed five years.~~

~~(C) Identification and analysis of high-load-growth areas, including the projected timing and magnitude of load increases, associated grid constraints, and evaluation of nonwire alternatives to meet that demand.~~

~~(D) Processes to document the extent to which the load-serving entity is using the metrics in planning for future investments. All of the following shall apply to this requirement:~~

~~(i) Electrically sensitive, market-sensitive, or security-sensitive information, including feeder-level and substation-level constraints, may be submitted to the commission under seal.~~

~~(ii) Public versions of reports shall include aggregated or anonymized data sufficient to enable transparency and third-party participation without compromising grid reliability or market integrity.~~

~~(iii) The commission shall adopt protocols to allow confidential sharing of detailed locational data with authorized entities, including the Independent System Operator and relevant state agencies, as necessary for planning and reliability purposes.~~

~~(3) (A) An electrical corporation shall identify constrained distribution areas.~~

~~(B) A load-serving entity shall incorporate identified constrained distribution areas into its integrated resource plan and demonstrate how the load-serving entity will contribute to resolving identified reliability needs through procurement, contracting, or coordination with electrical corporation programs.~~

~~(c) In considering distributed energy storage systems under this section, the commission shall prioritize programs and investments that support grid services and resilience for all of the following:~~

~~(1) Constrained distribution areas.~~

~~(2) Local capacity areas.~~

~~(3) High-load-growth areas, including areas experiencing significant new or expanded commercial or industrial electrical demand.~~

~~(d) Energy storage systems procured pursuant to the requirements of Section 2837.5 shall include both electrical corporation and community choice aggregator ownership and third-party ownership and agreement models.~~

~~(e) The commission shall require~~

469.5. (a) For any proposed distribution or transmission infrastructure investment above a threshold established by the commission, an electrical ~~corporation, within any identified localized reliability vulnerability area, to~~ *corporation shall* evaluate *whether* distributed energy storage systems ~~and~~ *or* other nonwire alternatives ~~as the preferred solution. The commission shall not approve rate recovery for traditional distribution or transmission infrastructure investments unless the electrical corporation demonstrates, based on substantial evidence in the record, either~~

~~of the following:~~ *can meet the identified reliability or capacity need.*

(b) The evaluation required pursuant to subdivision (a) shall include a comparison of total system costs, including each of the following:

(1) The cost of the proposed infrastructure investment.

(2) The cost of procuring or deploying distributed energy storage systems or other nonwire alternatives.

(3) Avoided or deferred infrastructure costs.

(4) Reliability and operational benefits.

(c) The commission shall not approve rate recovery for a proposed infrastructure investment unless the electrical corporation demonstrates either of the following:

(1) Nonwire alternatives are not feasible within the required timeframe.

(2) Nonwire alternatives are not cost effective ~~when considering total system benefits, including avoided capacity, avoided transmission and distribution investments, and reliability benefits.~~ *based on the evaluation required pursuant to subdivision (b).*

~~(f) The commission may approve, or modify and approve, electrical corporation programs to deploy, and investments in, distributed energy storage systems that include appropriate energy storage management systems and reasonable mechanisms for cost recovery.~~

~~(g) (1) On or before January 1, 2028, the commission shall amend tariffs that govern the deployment of energy storage systems, including distributed energy storage systems, in order to properly value the cost of the capacity and grid services they provide pursuant to subdivision (b) and pursuant to the resource adequacy requirements in Section 380. The amended tariffs shall include consideration of time-of-use rates.~~

~~(2) When amending energy storage systems tariffs under paragraph (1), the owner of the energy storage system shall receive full compensation for the value and services provided by the energy storage system if it meets the requirements of this section, as determined by the commission.~~

~~(3) An electrical corporation shall not prohibit or unreasonably restrict distributed energy storage system procurement under normal electrical grid conditions except where the electrical corporation demonstrates, based on specific and documented~~

~~technical criteria, that a distributed energy storage system would pose a material risk to public safety or the electrical grid that cannot be mitigated through reasonable operational or design modifications.~~

~~(4) The commission shall require each electrical corporation to quantify the associated avoided costs or system benefits, using commission-approved methodologies if available.~~

~~(5) If an organized market or tariff does not exist for an electrical grid service identified under this subdivision, the commission shall require the electrical corporation to propose a compensation mechanism, which may include a tariff, contract, subscription, or avoided cost credit, that reasonably reflects the value of the electrical grid service to ratepayers.~~

~~(6) If the commission determines that compensation for a specific electrical grid service is not appropriate, the commission shall issue written findings explaining the basis for that determination.~~

~~(h) The commission shall require an electrical corporation, in any high-load-growth area where interconnection of new load would otherwise trigger significant distribution or transmission infrastructure upgrades, to evaluate whether distributed energy storage systems or other nonwire alternatives can do each of the following:~~

~~(1) Enable partial or staged interconnection of new load.~~

~~(2) Reduce or defer the need for traditional infrastructure investments.~~

~~(3) Maintain system reliability at lower total system cost.~~

~~(i) The commission may authorize tariffs, contracts, or other mechanisms that allow new or expanding load customers to participate in or fund nonwire alternative solutions that reduce interconnection costs or timelines.~~

(d) An electrical corporation may procure, own, or enter into a long-term contract for distributed energy storage systems interconnected at the distribution level to meet identified reliability or capacity needs.

~~(j) (1)~~

(e) The commission shall authorize an electrical corporation to *recover the reasonable costs of, and* earn a return ~~on investments in and operation of~~ *on,* distributed energy storage systems and ~~other nonwire alternatives deployed to address localized reliability~~

~~vulnerability areas.~~ *contracts procured pursuant to this section, if those resources are determined to be cost effective.*

~~(2) The commission shall establish performance-based mechanisms that allow an electrical corporation to earn incentives for achieving measurable outcomes, including, but not limited to, all of the following:~~

~~(A) Reduction in peak load within constrained distribution areas.~~

~~(B) Deferral or avoidance of distribution or transmission infrastructure investments.~~

~~(C) Improvement in reliability metrics, including outage frequency and duration.~~

~~(D) Integration of cost-effective distributed energy resources.~~

~~(3) The commission shall ensure that any authorized return or incentive is conditioned on demonstrated net benefits to ratepayers, as determined using commission-approved avoided cost methodologies.~~

~~(k) The commission shall ensure that implementation of this section results in net ratepayer benefits, and shall prioritize solutions that minimize total system costs, including both utility capital expenditures and procurement costs borne by load-serving entities.~~

(f) This section does not limit the ability of third-party providers to propose or develop distributed energy storage systems or other nonwire alternatives to meet identified system needs.

(g) If an electrical corporation determines that a nonwire alternative may be feasible, it shall conduct a competitive solicitation or other transparent process to evaluate third-party solutions.

~~SEC. 4. Section 2837.5 is added to the Public Utilities Code, to read:~~

~~2837.5. (a) For purposes of this section, all of the following definitions apply:~~

~~(1) “Constrained distribution area” means a segment of the distribution grid where capacity limits are already delaying, or are anticipated to delay, energization of new loads or the ability to handle load growth from existing customers, as identified by low load-hosting capacity or by locational net benefits analysis, or a similar successor metric, as determined by the commission.~~

~~(2) “Disadvantaged community” has the same meaning as set forth in Section 39711 of the Health and Safety Code.~~

~~(3) "Distributed energy storage system" has the same meaning as defined in Section 2838.2.~~

~~(4) "Energy storage system" has the same meaning as defined in Section 2835.~~

~~(5) "Local capacity area" means a transmission-constrained load pocket, as identified by the Independent System Operator, where local generation capacity is needed for reliability due to insufficient transmission capacity into the load pocket to meet electricity demand with electricity from outside of the load pocket.~~

~~(6) "Load-serving entity" has the same meaning as defined in Section 380.~~

~~(b) (1) On or before July 1, 2028, and biennially thereafter, the Energy Commission, in consultation with the commission and the Independent System Operator, shall identify and evaluate constrained distribution areas and local capacity areas for purposes of subdivision (c).~~

~~(2) In identifying and evaluating constrained distribution areas and local capacity areas pursuant to paragraph (1), the commission shall establish all of the following:~~

~~(A) Metrics to measure how planned energy storage system procurement and deployment can alleviate constrained distribution areas and local capacity areas.~~

~~(B) Processes to document the extent to which load-serving entities are using the metrics in planning for future investments, impacts on grid capacity and services if those deployments do not occur, and how the commission will make those metrics and documentation available for diligence reviews by third parties of load-serving entities' plans while protecting customer data confidentiality.~~

~~(C) Metrics to track historic net-load forecast error rates to better identify and target distributed energy storage system deployment.~~

~~(D) Metrics for addressing the energy burden for disadvantaged community constrained distribution areas and local capacity areas through energy storage system deployment.~~

~~(E) Processes to implement streamlined permitting and interconnection for distributed energy storage systems, in consultation with local permitting entities and other relevant stakeholders, pursuant to the requirements of this section.~~

~~(c) (1) In addition to the requirements of Sections 2836 and 2838.2, the commission, on or before January 1, 2030, shall~~

~~consider procurement strategies to support the installation of distributed energy storage systems that, individually, are not more than 10 megawatts in capacity, aligned with the goals of Section 469.5.~~

~~(2) As part of the procurement strategies considered by the commission, the commission shall require each load-serving entity to demonstrate, through its integrated resource plan and distribution planning processes, that identified localized reliability vulnerability areas will be addressed within a reasonable planning horizon, using the least-cost portfolio of resources, including distributed energy storage systems and other nonwire alternatives where cost effective.~~

~~(d) The commission shall reconsider procurement strategies and appropriate targets, as described in subdivision (c), not less than once every three years.~~

~~(e) This section does not prohibit the commission from evaluating and approving an application for funding or recovery of costs of any ongoing or new development, trialing, and testing of energy storage system projects or technologies outside of a proceeding required by this chapter.~~

~~(f) If the commission imposes an energy storage system procurement target on a load-serving entity pursuant to this section, the load-serving entity may meet up to 50 percent of its procurement target through energy storage systems, including distributed energy storage systems, owned by the load-serving entity, interconnected at the transmission or distribution level, or located on the customer side of the meter, and may propose an energy storage system in its applicable integrated resource plan, but shall make a showing of the energy storage system's viability and cost-effectiveness in the integrated resource plan. To increase competition, the remaining percentage of procurement targets shall be through third-party agreements that demonstrate cost-effectiveness of third-party ownership.~~

~~SEC. 5.~~

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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ATTACHMENT 3A

CASSIDY | ASSOCIATES

To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: May 20, 2026
Re: May Report

HOUSE/SENATE

Congress

The House and Senate are in session this week, with legislators working to process a reconciliation package that would provide substantial funds for immigration enforcement. The House hopes to pass its version of the reconciliation package before the Memorial Day recess. In House Committee activity, the Appropriations Committee will hold subcommittee markups on the FY27 Interior, Environment, and Related Agencies Bill and the FY27 Transportation, Housing, and Urban Development and Related Agencies Bill and a full committee markup of the FY27 Energy and Water Development and Related Agencies Bill. The House Transportation and Infrastructure Committee will also hold a markup of the Highway and Infrastructure bill. Environmental Protection Agency (EPA) Administrator Lee Zeldin appeared in several hearings in both the House and Senate to discuss the FY27 Environmental Protection Agency budget.

EPA

On May 14, the EPA proposed delaying by two years the compliance deadlines for the 2024 Tier 4 emissions standards for light- and medium-duty vehicles, moving the initial implementation from model year 2027 to model year 2029. EPA Administrator Lee Zeldin said the proposal is intended to provide automakers additional time to meet the standards, preserve consumer choice, and reduce vehicle costs, with the agency estimating potential savings of more than $1.7

billion. If finalized, manufacturers would continue complying with the existing Tier 3 standards for model years 2027 and 2028 while EPA undertakes a broader review of the Tier 4 program. The proposal will be subject to a 45-day public comment period. Read more here.

On May 11, the EPA issued guidance intended to streamline the review process for Clean Air Act Title V operating permits for major industrial sources. The guidance clarifies that state, local, and Tribal permitting authorities may conduct public comment periods at the same time as EPA's review and notes that the Clean Air Act does not require EPA to use the full 45-day review period for every permit. EPA Assistant Administrator Aaron Szabo said the changes are designed to reduce administrative delays while maintaining existing requirements for public participation and federal oversight. The guidance does not change underlying legal requirements but is intended to provide permitting authorities with additional flexibility to expedite permit issuance and renewals. Read more here.

On May 11, Administrator Lee Zeldin issued a proposal to clarify preconstruction permitting requirements and bring flexibility to building non-emitting components or structures. The EPA is proposing to redefine "Begin Actual Construction" under the Clean Air Act, allowing builders to begin working on non-emitting components like cement pads, wiring, and piping before obtaining a major air quality permit. The proposal is tied to the Trump Administration's push to accelerate AI infrastructure development and domestic manufacturing, and a 45-day public comment period is now open. Read more here.

On May 6, EPA's internal watchdog released a report warning that the agency's sweeping reorganization under the Trump Administration risks undermining its core environmental protection mission. With more than 4,300 employees gone, roughly a quarter of its workforce, the EPA's Office of Inspector General stated that the loss of institutional knowledge, combined with structural changes across air, enforcement, water, and research offices, could reduce EPA's technical capacity and slow down program execution. The report called on the agency to develop internal controls to monitor the effects of the reorganization and ensure it retains the staffing and expertise needed to function effectively. Read more here.

On May 6, the EPA launched an interactive Permitting Authority Map that allows the user to select a location and instantly see which regulatory agency, whether federal, state, territorial, Tribal, or local, is responsible for issuing environmental permits under EPA's programs. The tool is meant to reduce confusion in the permitting process and increase transparency as part of Administrator Zeldin's broader permitting reform initiative. The agency also released companion tools to help identify Brownfield and Superfund sites as potential locations for industrial reuse, including data centers. Read more here.

Cassidy and Associates support in May:

- Provided guidance on the FY 27 appropriations process;
- Prepared memorandum on 2026 elections, leadership changes in 2027, and legislative opportunities in the 120th Congress;
- Updated AQMD staff on surface transportation reauthorization;
- Continued conversations on permitting reform efforts in Congress and the Administration; and
- Participated in weekly strategy sessions with SCAQMD staff.

IMPORTANT LEGISLATIVE DATES

February 13, 2026 (expired): Deadline to fund the Department of Homeland Security CBP/ICE.

September 30, 2025 (expired): The Farm Bill, an omnibus package of legislation that supports US agriculture and food industries, expired in 2023. The bill is reauthorized on a five-year cycle.

September 30, 2026: Deadline to fund the federal government for Fiscal Year 2027.

December 31, 2026: National Defense Authorization Act, which authorizes and funds Department of Defense (DoD) programs and sets the DoD's policy agenda each year.

ATTACHMENT 3B

Kadesh & Associates

South Coast AQMD Report for the June 2026
Legislative Meeting covering May 2026
Kadesh & Associates

During the May work period, the Senate Republican majority has been reworking their budget reconciliation bill to comply with the parliamentarian's rulings on reconciliation procedure (known as the "Byrd rule"). The budget reconciliation bill is the vehicle to fund ICE/CBP for the next three years, along with funding associated with the White House ballroom project; the majority is using the reconciliation process in order to avoid a filibuster in the Senate and allow for a party-line vote. The plan was for the Senate to vote on a revised bill the week before Memorial Day, with the House quickly following suit, to allow President Trump to sign a bill into law before the scheduled Memorial Day recess.

However, Senate leadership unexpectedly halted consideration of the bill on May 21. The publicly stated issues were vote-counting concerns within the Senate majority with the bill's ballroom funding and the President's newly announced weaponization fund. In light of the Senate decision to pause the bill, the House canceled votes for the rest of the week. As of now the Senate is scheduled to return from the Memorial Day recess on June 1, the House on June 2.

The House Appropriations Committee is working through FY27 appropriations bills, including the FY27 Energy & Water bill (which includes DOE) and the Interior-Environment bill (which includes EPA). The Interior-Environment bill demonstrates continued and much-needed support from Congress on important air quality accounts: Diesel Emission Reduction Act (DERA) grants receive $90m, and Targeted Airshed Grants (TAG) receive $67.8m, representing level funding despite the cuts proposed in the President's budget. In general, the House is using the FY27 President's topline for non-defense accounts, but that may need to change as the House processes the remaining FY27 appropriations bills and meets with the Senate. Any final FY27 appropriations deal is unlikely to come before the midterms.

The House T&I Committee released its long-awaited draft of the surface transportation authorization bill and began its markup despite the changing congressional schedule. The last surface transportation reauthorization carried many other infrastructure programs and became the Bipartisan Infrastructure Law, but this year's bill is a return to a more highway-focused approach. As of this memo, committee votes are still underway, including debate about EV charging funds and other pertinent issues.

Kadesh & Associates Activity Summary-

-Worked with South Coast AQMD and the congressional delegation on FY27 appropriations and other legislative developments.

Contacts: Contacts included staff and Members throughout the CA delegation, Senate offices, and members of key committees.

ATTACHMENT 4A

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TO: South Coast AQMD

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – May 2026

DATE: Wednesday, May 21, 2026

During the month of May, the California Legislature is focused heavily on finalizing budget negotiations and advancing major policy priorities as all bills must be out of their house of origin by May 29. Additionally, the Governor released his May Revision to his January budget, providing updated revenue numbers that will be the basis for Budget negotiations between the Legislature and Governor. The Legislature will spend the next few weeks finalizing their spending priorities before the constitutional June 15t budget deadline.

The following will provide you with updates of interest to the District:

MAY REVISE

On May 14, 2026, Governor Gavin Newsom unveiled a revised 2026–27 state budget that proposes approximately $322 billion in total state spending while addressing a projected $12 billion budget deficit and maintains a balanced budget through July 2028 with nearly $30 billion in reserves. The revised plan reduces General Fund spending by $1.8 billion and projects no budget deficit for either the current fiscal year or next year, while also cutting the state's long-term budget deficit by more than half by 2028–29. The proposal also deposits $9.7 billion into the state's Surplus Holding Account to help protect against future economic uncertainty.

Estimated General Fund revenues from the Big Three sources (Personal Income, Corporate, and Sales and Use Taxes) are $16.5 billion higher than projected in January over the three-year budget window. This upgrade to the forecast is driven by personal income tax, accounting for $13.6 billion of this total, and boosted by a 2025 spike in capital gains realizations that has been reflected in $11.9 billion of higher cash receipts through April. The new revenue forecast reflects a slightly upgraded stock market outlook, combined with a relatively unchanged economic outlook.

Despite the tighter fiscal environment, the revised budget continues major investments in healthcare, education, housing, public safety, and affordability initiatives. The proposal includes a $300 million investment to maintain healthcare affordability following the expiration of federal Affordable Care Act subsidies, a 50% tax cut for hundreds of thousands of small businesses through reduced LLC fees, and a record $5 billion block grant for local education priorities such as teacher training and student support. It also provides the largest special education investment in California history with a $2.4 billion ongoing increase, along with $500 million to expand literacy and math programs in high-need schools. Additional proposals include a new $100 million disaster rebuilding fund for wildfire survivors and new housing reforms aimed at reducing construction costs and accelerating affordable housing development.

One of the most significant proposals is California's Cap-and-Trade program. The program currently generates about $4 billion annually for climate and air quality programs. Under the May Revision, approximately $1.5 billion per year in cap-and-trade revenue would be redirected to CAL FIRE and wildfire resilience efforts, growing to nearly $1.9 billion annually by 2028–29. The administration also proposes dedicating at least $1 billion annually to High-Speed Rail. This funding shift is it means that a larger share of climate revenues may now be unavailable for other air quality programs such as zero-emission truck incentives, transit improvements, AB 617 community air monitoring, and industrial decarbonization initiatives.

The budget continues supporting California's transition to zero-emission transportation. The newly launched California Clean Fuel Reward program will provide $250 million in rebates this year for electric medium- and heavy-duty trucks, with more than $1 billion expected through 2030. Rebates ranging from $7,500 to $120,000 will help fleets purchase electric semis, delivery vans, and freight trucks. California also reported that zero-emission vehicles accounted for nearly 23% of new medium- and heavy-duty vehicle sales in 2024, more than double the state's target.

The May Revision also includes $2.5 million for new research and air monitoring related to toxic pollutants such as acrolein and ethylene oxide after state scientists identified elevated cancer risks associated with those chemicals. Meanwhile, the budget preserves funding for education, housing, homelessness programs, and Medi-Cal, although spending growth in several areas is expected to slow due to ongoing fiscal pressures.

The Legislature and Governor now have until the Constitutional Deadline of June 15 to adopt a balanced budget, or the legislature forfeits their pay.

CALIFORNIA CLEAN FUEL REWARD (CCFR)

On May 13, 2026, Governor Newsom announced that applications are now open for the California Clean Fuel Reward (CCFR) rebate program for electric medium- and heavy-duty trucks, a new initiative designed to accelerate the deployment of zero-emission freight vehicles across the state.

Funded through California's Low Carbon Fuel Standard (LCFS) program, CCFR is expected to become the largest utility-administered electric truck rebate program in the nation, with $250 million available this year and more than $1 billion in total rebate funding projected through 2030. The program comes as global sales of electric heavy-freight trucks tripled in 2025.

Beginning in June, rebates ranging from $7,500 to $120,000 will be available through authorized retailers to both public and private fleets statewide. Eligible vehicles include electric drayage trucks, semis, box trucks, delivery vans, and other medium- and heavy-duty commercial vehicles.

CANCER RISK ASSESSMENTS

On May 14, 2026, the Office of Environmental Health Hazard Assessment released a new draft health risk assessments for two toxic air pollutants, acrolein and ethylene oxide, finding that both chemicals may pose significantly elevated cancer risks to Californians, particularly in communities with higher levels of exposure.

According to the draft findings, both acrolein and ethylene oxide may present estimated cancer risks exceeding 800 cases per one million people exposed, which is comparable to the health concerns posed by diesel exhaust when it was first identified as a major toxic air contaminant in the late 1990s. Officials noted that the new estimates do not indicate a sudden deterioration in regional air quality but rather reflect improved scientific understanding of the risks associated with long-term exposure.

Acrolein, which was classified as “probably cancer-causing to humans” in 2020, is produced through combustion sources such as wildfire smoke, cigarette and vaping smoke, and fossil fuel combustion from vehicles, ships, and aircraft. It can also form through atmospheric chemical reactions. Short-term exposure may irritate the eyes, nose, and throat, while long-term exposure can damage the respiratory system and worsen conditions such as asthma. Ethylene oxide, which is commonly used to sterilize medical equipment and manufacture chemicals, can also cause irritation, headaches, nausea, fatigue, and reproductive health effects with prolonged exposure.

To reduce exposure, state officials recommend avoiding smoking and vaping, limiting exposure to wildfire smoke and vehicle exhaust, using ventilation while cooking with oils at high temperatures, and utilizing air filtration devices where possible. These precautions are especially important for sensitive populations, including children, seniors, and individuals with respiratory illnesses.

In response to the findings, Governor Gavin Newsom has proposed $2.5 million in the May Budget Revision to support additional research and air monitoring efforts led by the California Air Resources Board (CARB) and OEHHA. The funding would help identify major sources of the pollutants, expand emissions monitoring, improve atmospheric modeling, and guide future policy actions aimed at reducing public health risks.

2026 LEGISLATIVE DEADLINES

May 1 - Last day for policy committees to hear and report to the Floor non-fiscal bills introduced in their house.

May 8 - Last day for policy committees to meet prior to June 1.

May 15 - Last day for fiscal committees to hear and report to the Floor bills introduced in their house. Last day for fiscal committees to meet prior to June 1.

May 26 – 29 - Floor Session only. No committees, other than conference or Rules committees, may meet for any purpose.

May 29 - Last day for each house to pass bills introduced in that house

June 1 - Committee meetings may resume.

June 15 - Budget Bill must be passed by midnight.

June 25 - Last day for a legislative measure to qualify for the Nov. 3 General Election ballot.

July 2 - Last day for policy committees to meet and report bills. Summer Recess begins upon adjournment of session, provided Budget Bill has passed.

Aug. 3 - Legislature reconvenes from Summer Recess.

Aug. 14 - Last day for fiscal committees to meet and report bills to the Floor.

Aug. 17 – 31 - Floor Session only. No committee, other than conference and Rules committees, may meet for any purpose.

Aug. 21 - Last day to amend on the Floor.

Aug. 31 - Last day for each house to pass bills. Final recess begins upon adjournment.

ATTACHMENT 4B

RESOLUTE

South Coast Air Quality Management District

Legislative and Regulatory Update – May 2026

- **Important Upcoming Dates**

May 29, 2026 –	House of Origin Deadline
June 1, 2026 –	Committee Hearings May Resume
June 15, 2026 –	Budget Bill Must be passed by Midnight
June 25, 2026 –	Last Day for a Legislative Measure to Qualify for Nov 3 General Election

- **RESOLUTE Actions on Behalf of South Coast AQMD.** RESOLUTE partners David Quintana, and Alfredo Arredondo continued their representation of SCAQMD before the State's Legislative and Executive branches. Selected highlights of our recent advocacy include:

  - Provided ongoing updates as the legislature reconvened.
  - Followed up on bills for the 2026 legislative session, including for SCAQMD sponsored legislation.

- **AB 907 (Solache).** Assemblymember Philip Chen had introduced AB 907, sponsored legislation for South Coast AQMD dealing with the inequity of pay for AQMD board members appointed to serve on the CA Air Resources Board. The bill is now officially authored by Assemblymember Solache who will continue to carry the legislation forward.

  The bill has been referred to Senate Environmental Quality Committee. The bill will be heard in June.

- **LAO Update on May Revision.** On May 14, the Governor released the May Revision to the proposed budget. Below is the analysis provided by the Legislative Analyst's Office:

  Higher Revenues Improve Budget Condition. Relative to the Governor's budget, the administration's May Revision estimate of revenues across the budget window (2024-25 to 2026-27) are higher by about $16 billion. This upgrade is almost entirely attributable to expectations for income tax collections, which are being driven by enthusiasm around artificial intelligence (AI) and the related stock market boom. This improves the budget's bottom line.

  Higher Spending Somewhat Offsets Higher Revenues. Under two initiatives, the State Constitution requires the state to set aside a share of revenues for schools and community colleges (Proposition 98, 1988) and debt payments and reserve deposits (Proposition 2, 2014). In line with the administration's higher revenue estimates, both these requirements are also up. Across the rest of the budget, however, spending is slightly lower, largely reflecting updated estimates of state employee pension costs, which are driven by a technical correction.

  Full LAO Analysis available here: https://lao.ca.gov/Publications/Report/5187

ATTACHMENT 4C

South Coast AQMD, Legislative Committee Report
Buckley Government Affairs LLC
June 12, 2026

Legislative Session Update

On May 14, the Assembly and Senate Appropriations Committees held their annual "Suspense File" hearings, which is one of the Legislature's most significant days. During the hearing, the fate of hundreds of fiscal measures was determined ahead of the key legislative deadline.

In the Senate Appropriations Committee, 332 measures were considered. Of those, 242 measures were passed out of committee, representing a 73% passage rate, while the remaining 90 measures were held. By comparison, the committee posted a 71% passage rate during its May 2025 Suspense hearing.

The Assembly Appropriations Committee considered a higher number of bills, with 637 measures on file. Of those, 468 measures were passed from committee, representing a 73.5% passage rate, while 169 measures were held. In May 2025, the committee posted a 65% passage rate.

Following the Suspense hearings, the Legislature shifted its focus to the house of origin deadline during the final two weeks of May. This deadline requires bills to pass out of the house in which they were introduced to remain active for the year. Beginning June 1, the committee process resumes as lawmakers begin hearing and considering second-house legislation.

Budget Update

May 14 proved to be a particularly busy day in Sacramento, as Governor Gavin Newsom released his May Revision budget proposal the same morning as the suspense hearings. One of the major highlights of the May Revision was that projected general fund revenues were estimated to be $16.5 billion higher than January projections over the three-year budget window.

The Governor also reaffirmed his commitment to balancing the budget over the next two fiscal years. As part of that proposal, the Administration proposed depositing $9.7 billion of the higher-than-expected revenues into the state's Surplus Money Investment Fund, which will set aside reserve funds for future fiscal years.

To address remaining budgetary pressures, the May Revision called for approximately $3.6 billion in additional revenues. These proposals include a limitation on certain business tax credits, a new tax on digital software services, and continued increase on the Managed Care Organization tax. The proposal also included $411 million in spending-related reductions, primarily associated with Medi-Cal adjustments and premium-related changes.

Following release of the May Revision, the Governor and Legislature entered the final phase of budget negotiations, with a month remaining before the constitutional June 15 budget deadline.