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**AB-729 Public utilities: climate credits.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 729**

**Introduced by Assembly Member Zbur**

**February 18, 2025**

An act to amend Section 748.5 of, and to add Section 748.8 to, the Public Utilities Code, relating to public utilities.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 729, as amended, Zbur. Public utilities: climate credits.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms in regulating those emissions. The implementing regulations adopted by the state board provide for the direct allocation of greenhouse gas allowances to electrical corporations and gas corporations pursuant to a market-based compliance mechanism.

Existing law, except as provided, requires revenues received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities to be credited directly to residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporation, commonly known as the electric California Climate Credit.

Under existing law, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations and gas corporations. Under its regulatory authority, the commission requires, except as provided, revenues received by a gas corporation as a result of the direct allowance of greenhouse gas allowances to natural gas suppliers to be credited directly to residential customers of the gas corporation, commonly known as the natural gas California Climate Credit.

This bill would require that the electric California Climate Credit be provided to ~~residential, small business, and emissions-intensive trade-exposed~~ *the residential and small business* retail customers of electrical corporations on the bills of those customers for the months of August and September of each ~~year~~ *year, and to the emissions-intensive trade-exposed retail customers of electrical corporations on the bills of those customers for the month of August of each year*, unless otherwise

directed by the commission, as specified. The bill would require that the natural gas California Climate Credit be provided to residential customers on the bills of those customers for the month of February of each year unless otherwise directed by the commission, as specified.

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

Because the above provisions would be part of the act and a violation of a commission action implementing this bill's requirements would be a crime, the 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 Local Program: yes

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** Section 748.5 of the Public Utilities Code is amended to read:

**748.5.** (a) (1) Except as provided in subdivision (c), the commission shall require revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electric utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporation.

(2) The ~~credit credits~~ provided to ~~residential, small business, and emissions-intensive trade-exposed~~ *the residential and small business* retail customers of an electrical corporation shall be provided on the bills of those customers for the months of August and September of each year, or as otherwise directed by the commission to address extreme, unforeseen, and temporary circumstances, after which the commission shall continue to provide *the* credits during the months of August and September.

*(3) The credits provided to the emissions-intensive trade-exposed retail customers of an electrical corporation shall be provided on the bills of those customers for the month of August of each year, or as otherwise directed by the commission to address extreme, unforeseen, and temporary circumstances, after which the commission shall continue to provide the credits during the month of August.*

(b) Not later than January 1, 2013, the commission shall require the adoption and implementation of a customer outreach plan for each electrical corporation, including, but not limited to, such measures as notices in bills and through media outlets, for purposes of obtaining the maximum feasible public awareness of the crediting of greenhouse gas allowance revenues. Costs associated with the implementation of this plan are subject to recovery in rates pursuant to Section 454.

(c) The commission may allocate up to 15 percent of the revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations, for clean energy and energy efficiency projects established pursuant to statute that are administered by the electrical corporation, or a qualified third-party administrator as approved by the commission, and that are not otherwise funded by another funding source.

### **SEC. 2.** Section 748.8 is added to the Public Utilities Code, to read:

**748.8.** Revenues, including any accrued interest, received by a gas corporation as a result of the direct allocation of greenhouse gas allowances to a natural gas supplier pursuant to subdivision (f) of Section 95890 of Title 17 of the California Code of Regulations that are required by the commission to be credited directly to residential customers shall be provided on the bills of those customers for the month of February of each year, or as otherwise directed by the commission to address extreme, unforeseen, and temporary circumstances, after which the commission shall continue to provide *the* credits during the month of February.

**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.