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SB-57 Electrical corporations: data centers: report. (2025-2026)

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Senate Bill No. 57

CHAPTER 647

An act to add and repeal Section 913.22 of the Public Utilities Code, relating to electricity.

[Approved by Governor October 11, 2025. Filed with Secretary of State October 11, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 57, Padilla. Electrical corporations: data centers: report.

Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

This bill would authorize the commission to assess the extent to which electrical corporation costs associated with new loads from data centers result in cost shifts to other electrical corporation customers, as provided. The bill would require the commission to submit an assessment completed pursuant to that authorization to the relevant policy committees of the Legislature and to publicly post a copy of the assessment on the commission's internet website on or before January 1, 2027.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

SECTION 1. This act shall be known, and may be cited, as the Ratepayer and Technological Innovation Protection Act.

SEC. 2. The Legislature finds and declares all of the following:

(a) California drives worldwide technological innovation, and that innovation is an important component of the state's economy, which is the fifth largest economy in the world.

(b) California supports technological innovation with a world-class university system that provides a highly skilled workforce, and research and development tax incentives and other tools to facilitate the development and expansion of the state's technology economy.

(c) The quickly evolving development of artificial intelligence requires large-format data centers that currently require extremely large loads of electricity and water. While that expanded energy demand can help support the larger electrical grid and ordinary ratepayers, if managed incorrectly, it could pose a serious threat to California's climate goals and, more importantly, leave existing ratepayers saddled with the enormous costs of stranded assets built to support that industry. Furthermore, with the appropriate guardrails, the increased consumption from these large-load customers could help drive down electricity rates for existing utility customers.

(d) More efficient use of existing electrical and grid assets and the sharing of fixed energy costs across a larger overall demand can lower the cost to individual customers as a result of a new data center development.

(e) It is the goal of the state that the development of new large load customers support clean energy and the state's climate goals while encouraging more efficient use of existing assets and the potential to lower costs to all customers.

SEC. 3. Section 913.22 is added to the Public Utilities Code, to read:

913.22. (a) The commission may assess the extent to which electrical corporation costs associated with new loads from data centers result in cost shifts to other electrical corporation customers. This assessment may include, but not be limited to, the following:

(1) An analysis of potential electrical corporation costs associated with utility procurement to meet growing load demands from data centers' increased energy consumption.

(2) An analysis of potential electrical corporation costs associated with the installation of new transmission and distribution assets to serve new data centers or expansions of existing data centers, including the costs of stranded assets and assets installed for an entity that ceases operation.

(3) Identification of opportunities to prevent or mitigate any substantial cost shifts, if the cost shifts are identified.

(b) The commission shall submit an assessment completed pursuant to this section to the relevant policy committees of the Legislature and publicly post a copy of the assessment on the commission's internet website on or before January 1, 2027.

(c) Pursuant to Section 10231.5 of the Government Code, this section is repealed on January 1, 2031.