

CALIFORNIA LEGISLATURE—2025-2026 SIMULATION SESSION

SENATE BILL

NO. 41

Introduced by Senator Jerry McNerney

September 30, 2025

An act to amend Section 210 of the Public Utility Regulatory Policies Act of 1978, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 41, as introduced, McNerney. Clean Energy Fair Access.

Existing law, the Public Utility Regulatory Policies Act of 1978 (PURPA), requires electric utilities to purchase electricity from Qualifying Facilities (QFs) at rates equivalent to the utilities' avoided costs. This framework was intended to promote energy conservation and the development of small-scale renewable energy sources.

This bill would enact the Clean Energy Fair Access Act, which modernizes California's application of PURPA by replacing outdated capacity limits for QFs with a flexible, market-responsive formula. The bill would also revise the method for calculating avoided cost to more accurately reflect the environmental, economic, and resiliency value of renewable energy resources. Additionally, the bill would establish fair and consistent interconnection standards for QFs across the state.

The bill would appropriate \$75 million over a two-year period to the California Public Utilities Commission (CPUC) to implement these reforms, including providing technical assistance and supporting grid modernization. The provisions of this act would sunset two years from enactment, unless extended by statute.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. This act shall be known and may be cited as the Clean Energy Fair Access Act.

SEC. 2. Findings and Declarations

(a) The Public Utility Regulatory Policies Act of 1978 (PURPA) was enacted to promote energy conservation and encourage the development of smaller renewable energy sources and facilities.

(b) Under PURPA, larger utilities are required to purchase power from Qualifying Facilities (QFs), which are typically small renewable generators or cogeneration plants, at a rate equal to the utility's avoided cost, defined as the cost the utility would incur to produce or purchase the energy.

(c) While PURPA was pioneering legislation at the time of enactment, it has not kept pace with technological advances and the rapid growth of renewable energy development.

(d) Current fixed capacity limits on QFs limit the expansion of renewable energy resources, hindering California's clean energy goals.

(e) It is necessary to amend Section 210 of PURPA to replace capacity caps with a flexible formula that supports unlimited renewable energy development while preserving incentives for continued growth.

(f) Additionally, updating avoided cost standards is essential to ensure the full environmental, economic, and resiliency value of renewable energy is reflected in compensation.

SEC. 3. Amendment to Section 210 of PURPA.

(a) Section 210 of the Public Utility Regulatory Policies Act of 1978, as applied in California, is hereby amended to replace fixed capacity limits on Qualifying Facilities with a dynamic, market-responsive formula that supports ongoing renewable energy development.

(b) The avoided cost calculation shall be updated to incorporate the full value of renewable energy, including environmental benefits, emissions reductions, and grid resiliency.

(c) The California Public Utilities Commission shall establish fair and consistent interconnection standards to facilitate equitable access to the grid for Qualifying Facilities.

SEC. 4. Appropriation.

(a) The sum of seventy-five million dollars (\$75,000,000) is hereby appropriated from the General Fund to the California Public Utilities Commission to support the implementation of this act, including technical assistance and local grid modernization efforts.

SEC. 5. Sunset.

(a) This act shall remain in effect for two years from the date of enactment and shall be repealed as of that date, unless extended by statute.