

CLIMATE CHANGE

California continues to build a clean and resilient future, growing its economy as it moves towards achieving commitments to utilize 100 percent clean electricity, reduce petroleum consumption by 94 percent, and cut air pollution by 71 percent, all by 2045. The state is leading the deployment of Zero-Emission Vehicles (ZEVs), building the nation's first true high-speed rail system, and transforming lands from a carbon source to a carbon sink. At the same time, California is urgently addressing existing climate threats by protecting communities from wildfire and sea level rise, reducing health risks from extreme heat, and preparing for both drought and flood conditions. California's approach to confronting and addressing climate change strengthens the economy, builds water and food security, and safeguards a livable future.

CLIMATE AND OPPORTUNITY BUDGET

California's Climate and Opportunity Budget investments underscore the state's steadfast commitment to cutting pollution and reducing climate risks, with historic investments in the expansion of ZEVs, climate innovation, and opportunities for fostering high-quality jobs. Despite federal headwinds and challenging fiscal conditions, California will continue to build the future with cleaner air, good jobs, and economic growth.

Climate and Opportunity Budget
(Dollars in Millions)

Investment Category	Amount Appropriated
Transportation	\$13,030
Drought & Water Resilience	\$6,497
Zero-Emission Vehicles	\$6,273
Energy	\$4,609
Wildfire & Forest Resilience	\$2,441
Community Resilience	\$1,326
Nature-Based Solutions	\$1,287
Sustainable Agriculture	\$1,183
Coastal Resilience	\$613
Circular Economy	\$437
Extreme Heat Mitigation	\$284
Other Investments	\$1,124
Total	\$39,104

MAJOR ACCOMPLISHMENTS

Since 2021, \$39.1 billion (\$23.9 billion General Fund) has been dedicated to a portfolio of climate action across multiple sectors including water, energy, lands, transportation, and more. Some key outcomes from this funding include:

- Investing \$1 billion one-time General Fund in grants for 382 projects to provide immediate and near-term financial and technical assistance to communities facing water supply challenges because of drought. Small community projects included providing emergency water system repairs, consolidation of smaller systems into larger neighboring systems, and delivering bottled and hauled water to California residents whose wells have gone dry. Larger, urban projects included infrastructure upgrades, portable water hauling systems, and new water storage tanks.
- Making significant progress toward California's commitment to conserve 30 percent of lands and coastal waters by 2030 (30x30). Currently, 26.1 percent of lands and 21.9 percent of coastal waters are protecting California's unique biodiversity, delivering climate benefits, and increasing outdoor access for all.
- Supporting over 2,000 wildfire resilience and forest health projects, including fuel breaks around communities, prescribed fire projects, and landscape-scale forest health projects. These projects are demonstrating effective methods to protect communities, keep wildfires from growing larger and more dangerous, and aid firefighters in combating wildfires.

- Supporting 32 communities along the coast and San Francisco Bay to begin sea level rise adaptation planning through the state's Sea Level Rise Adaptation Grant Program.
- Funding nearly 3,000 climate smart agriculture projects across 300,000 acres resulting in the reduction of approximately 27.7 million metric tons of carbon dioxide—the equivalent of taking 6.4 million cars off the road and saving 1.5 million acre-feet of water.
- Awarding \$100 million from the Tribal Nature-Based Solutions grant program to support approximately 49,000 acres of ancestral land returned to California Native American tribes.
- Investing \$215 million in the Transformative Climate Communities Program, supporting ten disadvantaged, unincorporated, and tribal communities in planning and implementing neighborhood-level capital projects that improve public health, enhance environmental quality, and expand economic opportunity. These investments are expected to reduce greenhouse gas emissions by more than 64,000 metric tons.
- Advancing organic waste recycling efforts, including dedicating nearly \$425 million (\$105.8 million General Fund) to bolster organic waste infrastructure and to implement new programs. In 2023, CalRecycle awarded \$130.6 million to 23 projects that are projected to divert 7.7 million tons of green and food material from landfills and reduce over 2 million metric tons of greenhouse gas emissions.

For additional information on the key outcomes of Climate and Opportunity Budget investments, see the Zero-Emission Vehicle and Energy sections of this chapter, as well as the Natural Resources and Environmental Protection Chapters.

CAP-AND-INVEST

Since its establishment under the Global Warming Solutions Act of 2006, California's newly rebranded Cap-and-Invest program remains globally recognized as a cost-effective tool for reducing carbon pollution while generating billions of dollars to support investments in innovative and pollution-reducing projects and providing bill relief to utility customers. The program was officially launched in 2012 and reauthorized in 2017. Most recently, Chapter 117, Statutes of 2025 (AB 1207) renamed the program as the Cap-and-Invest program and extended its authorization to 2045, keeping California on a path to achieve its carbon neutrality target by 2045.

In contrast to the recent actions at the federal level, the Cap-and-Invest program continues to be a critical, cost-effective tool for achieving California's climate goals. The program's extension, coupled with swift regulatory action by the California Air Resources Board (CARB), helps stabilize the market and auction proceeds, builds confidence in California's climate commitment for generations, and sends critical investment signals to support clean technology deployment. Furthermore, the program's continuation enables California to further invest in programs that deliver effective pollution reduction results, support clean transportation and communities, and help address energy affordability through the California Climate Credit on utility bills.

Consistent with AB 1207 and Chapter 121, Statutes of 2025 (SB 840), the Budget proposes the following Greenhouse Gas Reduction Fund (GGRF) expenditure plan, reflecting changes to the Cap-and-Invest program while continuing to support the state's climate and air quality goals.

The new Cap-and-Invest structure includes three tiers of expenditures, with Tier 1 fully funded first, followed by Tiers 2 and 3:

- **Tier 1**—Manufacturing Tax Credit, State Operations, State Responsibility Area Backfill, and the Legislative Counsel Climate Bureau.
- **Tier 2**—\$1 billion for High-Speed Rail and \$1 billion for discretionary funding. Of the \$1 billion in discretionary funding, \$250 million is reserved in 2026-27 for various investments identified in SB 840. The remaining \$750 million from the \$1 billion in discretionary funding supports the CAL FIRE General Fund backfill.
- **Tier 3**—Previously percentage-based continuous appropriations are now capped dollar amounts, with proportionately related allocations that adjust downwards as necessary to ensure Tiers 1 and 2 are fully funded.

The Budget maintains the 2025 Budget Act agreement to support CAL FIRE operation costs with \$1.25 billion GGRF in 2026-27, \$500 million in 2027-28, and \$500 million in 2028-29.

The Budget also includes statutory adjustments to clarify SB 840 and modernize the Affordable Housing and Sustainable Communities program by separating the affordable housing components from the sustainable communities and agricultural land conservation components.

2026-27 Cap-and-Invest Expenditure Plan

(Dollars in Millions)

Tier	Program	2026-27	2027-28	2028-29	2029-30	
Tier 1 Appropriations	Manufacturing Tax Credit	\$159	\$163	\$168	\$174	
	State Operations	\$120	\$124	\$127	\$131	
	State Responsibility Area Fee Backfill	\$88	\$88	\$88	\$88	
	Legislative Counsel Climate Bureau	\$3	\$3	\$3	\$3	
Tier 2 Appropriations	High Speed Rail Authority	\$1,000	\$1,000	\$1,000	\$1,000	
	\$1 billion reserved for discretionary appropriations:					
	- CAL FIRE General Fund Shift ^{1/}	\$750	\$500	\$500	\$0	
	- SB 840 Commitments	\$250	\$0	\$0	\$0	
	- Remaining Amount Available for Tier 2 Discretionary Funding	\$0	\$500	\$500	\$1,000	
Tier 3 Appropriations ^{2/}	Affordable Housing	\$396	\$435	\$475	\$516	
	Transit and Intercity Rail Capital Program	\$283	\$311	\$339	\$369	
	Community Air Protection	\$177	\$194	\$212	\$231	
	Sustainable Communities and Agricultural Land Conservation	\$170	\$186	\$204	\$221	
	Low Carbon Transit Operations Program	\$141	\$155	\$170	\$184	
	Healthy and Resilient Forests	\$141	\$155	\$170	\$184	
	Safe & Affordable Drinking Water Program	\$92	\$101	\$110	\$120	

^{1/} Remaining \$500 million for the CAL FIRE General Fund shift in 2026-27 is funded with additional discretionary funding from interest earnings.

^{2/} Tier 3 funding is based on auction proceeds estimates which are based on recent auction results. This scenario is presented as an example only and should not be considered as a market price forecast.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Affordable Housing**—Up to \$560 million annually from Cap-and-Invest auction proceeds for affordable housing administered by the Housing Development and Finance Committee as part of the Administration's modernization of the Affordable Housing and Sustainable Communities Program. See the Housing and Homelessness Chapter for more information.
- **Sustainable Communities and Agricultural Land Conservation**—Up to \$240 million annually from Cap-and-Invest auction proceeds for the sustainable communities and agricultural land conservation components of the Affordable Housing and Sustainable Communities Program will continue to be administered by the Strategic Growth Council and updated to support more flexible, catalytic infrastructure investments aligned with regional priorities. These updates are intended to maximize the impact of limited ongoing resources in advancing climate-aligned housing, land-use, and transportation outcomes.
- **Cap-and-Invest Implementation (AB 1207/SB 840)**—A total of \$5.7 million special funds and 17 positions to support new workload at CARB and the California Public Utilities Commission (CPUC) to update and implement statutory changes related to compliance carbon offset protocols and the California Climate Credit.

ZERO-EMISSION VEHICLES

For more than five decades, California has led the nation in clean transportation through nation-leading, achievable vehicle emissions standards. Building on this foundation, the state has invested nearly \$6.3 billion (\$2.3 billion General Fund) since 2021 to accelerate ZEV deployment and supporting infrastructure. As a result, nearly one in three new vehicles sold in California today is a ZEV, and the state surpassed its goal of two million ZEVs ahead of schedule. California has installed over 200,000 publicly accessible EV charging ports statewide—approximately 68 percent more than gasoline nozzles—and remains a national leader in clean transportation manufacturing and jobs.

Against the backdrop of recent federal efforts to revoke California's Clean Air Act waivers and roll back federal clean energy tax incentives—creating uncertainty for consumers and manufacturers—the Governor issued Executive Order N-27-25 in June 2025 to reaffirm and accelerate California's transition towards ZEV deployment and away from fossil fuel dependence in the transportation sector.

MAJOR ACCOMPLISHMENTS

- **Zero-Emission Cars, Trucks, and Off-Road Equipment**—CARB advanced several statewide requirements and delivered key investments to accelerate a transition to a cleaner transportation system. Since 2019, the state has invested approximately \$3.7 billion (\$1.6 billion General Fund) in zero-emission cars, trucks, and off-road equipment. These investments, through CARB's incentive programs, have been critical to support the ZEV market and its resiliency during times of uncertainty and have helped bring cleaner technology to communities across the state. As a result, California now has the largest ZEV market in the country. California saw a surge in light-duty ZEVs sales in the third quarter of 2025 and ZEVs made up nearly 23 percent of new medium- and heavy-duty truck sales in California in 2024.
- **Clean Transportation Program**—Since 2019, the state has invested \$1.5 billion (\$657 million General Fund) for the California Energy Commission (CEC) to provide grants to create over 23,000 public and shared private Level 2 charging ports and over 7,000 public and shared private direct current, fast charging ports, with over 70 percent of ports in disadvantaged and low-income communities. Additionally, this program has funded the completed or planned installation of over 140 hydrogen refueling stations supporting light- and medium/heavy-duty zero emission vehicles, supported more than a dozen workforce training projects to help

prepare workers for the clean transportation economy, and supported in-state manufacturing, emerging technologies and vehicle-grid integration initiatives.

SIGNIFICANT BUDGET ADJUSTMENT

The Budget maintains California's commitment to advancing clean transportation by providing targeted funding to incentivize ZEV adoption, along with additional actions to accelerate deployment of the infrastructure needed to sustain continued growth. Additionally, the Administration will propose statutory changes to strengthen California's ZEV market.

- **ZEV Incentives**—\$200 million one-time special funds and statutory language to establish a new light-duty ZEV incentive program. This funding includes \$166 million (\$81 million GGRF and \$85 million Air Pollution Control Fund) that was included in the 2025 Budget as a transfer to the Motor Vehicle Account (MVA) to offset CARB expenditures and support the MVA's solvency. The MVA is currently projected to be solvent in 2025-26 and 2026-27 without the transfer. Incentives are a critical part of the Administration's strategy to keep ZEVs affordable and accessible for all.

CLIMATE BOND

The 2024 Climate Bond invests \$10 billion in projects that strengthen communities and support stewardship of natural resources and the environment—protecting drinking water, reducing wildfire and flood risks, supporting healthy lands, and expanding access to parks and outdoor spaces. The Budget allocates \$2.1 billion in the second year of a multi-year investment plan. Implementation mechanisms will provide transparency, accountability, and equitable access, with a focus on delivering meaningful benefits to historically underinvested communities.

Climate Bond Expenditure Plan
(Dollars in Millions)

Investment Category	Bond Allocation	2025-26 Appropriated	2026-27 Proposed	Out-Years
Safe Drinking Water, Drought, Flood & Water Resilience	\$3,800	\$1,199	\$792	\$1,809
Wildfire & Forest Resilience	\$1,500	\$417	\$314	\$769
Coastal Resilience	\$1,200	\$279	\$107	\$814
Extreme Heat Mitigation	\$450	\$110	\$241	\$99
Biodiversity & Nature-Based Solutions	\$1,200	\$390	\$199	\$611
Climate Smart Agriculture	\$300	\$154	\$89	\$57
Outdoor Access	\$700	\$466	\$35	\$199
Clean Air & Energy	\$850	\$275	\$326	\$249
Total	\$10,000	\$3,290	\$2,104	\$4,606

SAFE DRINKING WATER, DROUGHT, FLOOD, AND WATER RESILIENCE

California continues to experience the adverse impacts of climate change, with hazardous flooding and record-breaking droughts. A warming and more variable climate is reducing mountain snowpack, intensifying drought, and driving shorter, more intense wet seasons that worsen flooding. Existing challenges, such as depleted groundwater basins and aging infrastructure are magnified by climate change. These investments in safe drinking water, infrastructure, drought and flood preparedness, and water resilience will support communities and help Californians adapt to historic weather whiplash.

The Budget proposes \$792 million to continue investments that improve water storage, replenish groundwater, improve conditions in streams and rivers, and complete various water resilience and water-related infrastructure projects. Of this amount, the Budget includes funding for the following significant or new investments:

- **Flood Control**—\$232 million for flood control projects to evaluate, repair, rehabilitate, reconstruct, expand, or replace levees, weirs, bypasses, and facilities of the State Plan of Flood Control, Projects in the Sacramento-San Joaquin Delta, and projects funded through the Flood Control Subventions Program.
- **Drinking Water**—\$173 million for drinking water projects serving small or disadvantaged communities or tribes and that address failing water systems and water systems at risk of failing, as well as failing private wells. Funding will also support wastewater projects serving small or disadvantaged communities that

address a violation or connect unsewered homes to a centralized wastewater system.

- **Regional Conveyance Projects and Repairs to Existing Facilities**—\$68.8 million to support repairs to existing or new water conveyance projects. In 2026-27, the California Natural Resources Agency will prioritize funds for repairs to existing infrastructure. The remaining funding will be awarded as competitive grants for new conveyance projects that deliver regional or interregional benefits, such as water supply reliability, safe drinking water, increased groundwater recharge, and improvements to water security.

WILDFIRE AND FOREST RESILIENCE

California continues to face catastrophic wildfire risks that threaten communities, landscapes, and ecosystems across the state. The state is making progress—data collected by CAL FIRE indicates more than 80 percent of fuels reduction projects analyzed had a positive effect that changed fire behavior, assisted in fire suppression efforts, or both in 2025. However, even with historic investments since 2021 and significant progress on the ground, the devastating Los Angeles fires that resulted in 31 fatalities and destroyed more than 16,000 structures in January 2025 underscore the need to accelerate efforts toward wildfire resilience, ignition reduction, community protection, and mitigation.

The Budget proposes \$314 million to continue investments in various wildfire and forest resilience projects and programs. Of this amount, the Budget includes funding for the following significant or new investments:

- **Local Fire Prevention Grants**—\$58 million to fund wildfire prevention and hazardous fuels reduction projects and activities in and near wildfire threatened communities, with a focus on increasing the protection of people, structures, and communities.
- **Fire Resilience**—\$19.6 million for technical and financial assistance to help homeowners in wildfire-vulnerable areas to implement defensible space mitigations, including creation of an ember-resistant zone within five feet of a home or structure (known as Zone 0) to reduce the potential for structure ignition during a wildfire.
- **Wildfire Risk Reduction Related to Electricity Transmission**—\$15.2 million for grants, in coordination with the Office of Energy Infrastructure Safety, to support cooperation in advancing fuel reduction around wildfire-vulnerable communities to reduce wildfire ignitions.

COASTAL RESILIENCE

Climate change is reshaping California's coast, driving sea level rise, stronger storm surges, increased flooding and coastal erosion, and habitat loss. These changes put public health and safety, vital infrastructure, homes and communities, tribal cultural resources, public access, and coastal economies and ecosystems at risk.

The Budget proposes \$107 million to continue investments that help protect coastal communities against these impacts, safeguard local economies, conserve and restore biodiversity and natural areas, elevate tribal knowledge and stewardship, and improve public access to the coast.

EXTREME HEAT MITIGATION

Extreme heat threatens California's public health and safety, economic resilience, and natural systems. Summer 2024 was California's hottest summer on record, and extreme heat events (unusually hot days or nights compared to average conditions) are becoming more common, more severe, and longer-lasting—especially in the last decade.

The Budget proposes \$241 million to continue investments that support implementation of the state's Extreme Heat Action Plan and build resilience to extreme heat across California, with a focus on those most vulnerable to its impacts. Of this amount, the Budget includes funding for the following significant or new investments:

- **Transformative Climate Communities Program**—\$137.4 million to fund community-led development and infrastructure projects that achieve major environmental, health, and economic benefits in California's most disadvantaged communities.
- **Community Resilience Centers**—\$55.3 million to fund new construction and upgrades of neighborhood-level resilience centers to provide shelter and resources during climate and other emergencies. This program will also fund year-round services and ongoing programming that builds overall community resilience.
- **Urban Forestry Program**—\$22.8 million for CAL FIRE's Urban and Community Forestry Grant Program, which aims to increase the long-term benefits trees provide, improve the public's understanding and appreciation of urban trees, and advance urban forest management and tree care. Special consideration is given to projects serving disadvantaged and/or low-income communities.

BIODIVERSITY AND NATURE-BASED SOLUTIONS

As one of the globe's 36 biodiversity hotspots, California is leading on efforts to conserve the plants, animals and ecosystems that support a healthy and resilient climate, contribute to human health and well-being, and are the foundation of the state's strong economy. California is also advancing an ambitious nature-based solutions agenda, to remove and store carbon from the atmosphere, buffer climate impacts, and build California's resilience to future climate-driven extremes. These investments will contribute to achieving California's nature-based climate solution targets and the state's 30x30 target.

The Budget proposes \$199 million to continue investments that help meet the state's climate and biodiversity goals. Of this amount, the Budget includes funding for the following significant or new investments:

- **Enhancing and Protecting Nature**—\$123.3 million for projects that conserve, restore, and connect California's ecosystems and the plants and animals that depend on them through land conservation acquisitions and easements, habitat enhancement and restoration, floodplain reactivation and wetland restoration, and wildlife connectivity.
- **Salton Sea**—\$30 million to expand the planning and implementation of priority habitat restoration projects at the Salton Sea and create new public access opportunities across these projects for Salton Sea communities.

CLIMATE SMART AGRICULTURE

Investments from the Climate Bond build on the momentum of previous funding by supporting the state's Nature-Based Solutions targets, improving market access for producers, bolstering the agricultural industry's resilience to climate change, and strengthening infrastructure to ensure community access to local, sustainably grown foods.

The Budget proposes \$89 million to continue investments in various climate smart agriculture projects and programs. Of this amount, the Budget includes funding for the following significant or new investments:

- **Tribal Food Sovereignty Program**—\$14 million to fund a newly established grant program aimed at enhancing tribes' food sovereignty through projects that focus

on irrigation and water infrastructure, utility and power infrastructure, and food processing infrastructure.

- **Regional Farm Equipment Sharing Program**—\$14 million for the establishment of the Regional Farm Equipment Sharing Program, designed to facilitate equipment sharing among small farmers and ranchers.

OUTDOOR ACCESS

California's commitment to Outdoors for All continues with the Climate Bond. Time spent in nature is important for people's physical, mental, and social well-being. Providing a connection to the outdoors for all Californians, especially to disadvantaged communities and vulnerable populations, continues to be a priority. Protecting these outdoor spaces also enhances the state's ability to adapt to climate change, support biodiversity, and drive economic growth.

The Budget proposes \$35 million to continue investments that expand and enhance parks and outdoor access.

CLEAN AIR AND ENERGY

As a result of the state's past clean energy investments, California is making progress on building a clean, reliable, affordable, and safe electric grid. The record amounts of clean energy, including battery storage, connecting to the grid allow it to better withstand extreme weather events and the stresses they pose.

The Budget proposes \$326 million to continue clean energy investments that provide resources at the scale necessary to meet California's evolving energy needs, reduce air pollution, and address times when climate driven extreme weather events stress the grid. Of this amount, the Budget includes funding for the following new investment:

- **Public Financing of Clean Energy Transmission Projects**—\$322.5 million to the California Infrastructure Economic Development Bank (IBank) to support the California Transmission Accelerator Revolving Fund established pursuant to Chapter 119, Statutes of 2025 (SB 254).

ENERGY

Meeting the state's climate goals requires a diverse portfolio of existing and emerging clean energy technologies and projects to be developed and deployed as quickly as possible. California has pursued a range of solutions to meet the increased electricity demand from electrification of its transportation and building sectors, while also improving grid reliability and resilience, and supporting customer bill affordability.

MAJOR ACCOMPLISHMENTS

- **California Automated Permit Processing Program**—The 2021 Budget included \$20 million one-time General Fund to assist local governments to establish online, automated solar permitting to streamline the solar permitting process. This program has provided awards to 346 jurisdictions in California, and 303 awardees have already adopted an online, automated solar permitting platform. More than 89 percent of California's population now live in jurisdictions that provide instant permit approval online, and more than 67 percent of California's population live in jurisdictions where this instant permit approval was facilitated by awards from this program.
- **Long-Duration Energy Storage Program**—Since 2019, the state has provided approximately \$247 million (\$34 million General Fund), including \$76 million in grants to tribes, to support 10 Long-Duration Energy Storage projects resulting in 381 Megawatt-hours (MWh) of utility scale energy storage, 83 Megawatts (MW) of co-located solar photovoltaic integrated with energy storage.
- **Equitable Building Decarbonization Program**—Since 2019, the state has provided \$433 million (\$3 million General Fund) for the Equitable Building Decarbonization Program, including \$30 million for the Tribal Direct Install Program. This program has identified 49 initial community focus areas, and begun to sign up homeowners for initial retrofits, with initial retrofits to be completed in February 2026.
- **Energy Grid Contingency Programs**—Since 2019, the state has provided nearly \$262 million (\$187 million General Fund) for several distributed energy resource grid contingency programs that have provided access to customer-sited existing battery storage capacity for dispatch during extreme events that jeopardize grid reliability. Additionally, these programs have supported five energy storage projects and four conventional resource efficiency projects that will bring additional incremental capacity online.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Ongoing Petroleum Market Oversight and Analysis Workload**—\$1.9 million ongoing Energy Resources Programs Account and 7 positions for CEC's Energy Assessments Division and 1 position for the Division of Petroleum Market Oversight to support the state's transition away from petroleum-based fuels while protecting California consumers from gasoline price spikes, consistent with Chapter 1, Statutes of 2024 (AB X2-1).
- **Energy Modernization and Affordability (SB 254)**—In addition to the Climate Bond appropriation to IBank noted above, the Budget includes an additional \$5.7 million and 18 positions from various special funds for the Office of Energy Infrastructure Safety, CPUC, Public Advocate's Office, and CEC to support new workload related to utility wildfire mitigation plan review, oversight of transmission development and financing mechanisms, and various environmental regulation and reporting activities.
- **Supporting Affordability through Expanded Power Markets (AB 825)**—\$1.9 million ongoing Public Utilities Commission Utilities Reimbursement Account (PUCURA) and 8 positions to support oversight of voluntary participation in expanded regional power markets to ensure compliance with statutory requirements and ensure these markets lower energy costs for California customers, support grid reliability and resiliency during extreme events, and optimize the use of renewable and zero-carbon energy resources.
- **California Ratepayer Protection Act (AB 1167)**—\$952,000 ongoing PUCURA and 4 positions to strengthen CPUC enforcement and oversight of political and promotional advertising to protect ratepayers from unreasonable utility costs and ensure accountability in utility practices.

DATA CENTERS

Data center development and expansion is growing and anticipated to grow even more in the coming years with increased computing demand, especially with recent advancements in artificial intelligence. California is well positioned to develop resource efficient and clean energy-powered data centers throughout the state that house highly advanced, next-generation computing technologies and enhance the competitive advantage of the state's computer technology sector and the state's overall economy for the benefit of Californians. Supplying adequate clean power to

these facilities, while fairly and equitably allocating the costs of providing electric service, is top of mind and a core focus of the CPUC.

The Budget proposes \$668,000 ongoing PUCURA and 3 positions for implementation of Chapter 647, Statutes of 2025 (SB 57). The CPUC will assess and report on the ratepayer impacts of large new electricity loads, including data centers. The Budget also proposes ongoing staffing capacity to support continued electric rate design and cost allocation rules, data analysis, and other efforts to avoid potential cost impacts to existing customers.