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Decision 26-03-013 March 19, 2026

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Improve the California Climate  
Credit.

Rulemaking 25-07-013

**DECISION PAUSING THE 2026 RESIDENTIAL CLIMATE CREDITS  
DISTRIBUTED BY THE LARGE ELECTRIC UTILITIES**

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## **DECISION PAUSING THE 2026 RESIDENTIAL CLIMATE CREDITS DISTRIBUTED BY THE LARGE ELECTRIC UTILITIES**

### **Summary**

This decision orders the large electric investor-owned utilities to pause the distribution of the 2026 electric residential Climate Credit so that a forthcoming decision can direct when in 2026 these credits should be distributed.

The residential electric Climate Credit is provided on customer bills in April and October, which on average statewide are relatively low-billed months. The current phase of this proceeding is considering moving the 2026 residential electric Climate Credit to high-billed summer months to maximize its affordability impact. A proposed decision addressing that matter is anticipated in March 2026. Pausing the spring Climate Credit will allow the Commission to include it in these considerations.

This proceeding remains open.

### **1. Background**

The residential Climate Credit is a credit that appears on the investor-owned electric and gas utilities' residential customers' bills. These credits are currently delivered twice a year to electric customers and once a year to gas customers during traditionally low-billed months: in the spring and fall for electric customers, and in the spring for gas customers.

Although it is distributed on bills by the utilities, the Climate Credit is not a utility benefit; it comes from funds generated by the State's greenhouse gas Cap-and-Invest Program. All residential customers of the investor-owned electric

utilities receive it, including customers who receive generation service from Community Choice Aggregators (CCAs).

From its inception in 2014, the Climate Credit has been intentionally provided in the shoulder seasons of spring and fall (April and October) because “for much of the state, peak usage occurs in the summer,” and the Commission did “not want to reduce incentives for customers to conserve”<sup>1</sup> or undermine the price signals embedded in the higher bills that result from higher electricity usage.<sup>2</sup>

On October 30, 2024, Governor Newsom signed Executive Order (EO) N-5-24 addressing rising electricity ratepayer costs and affordability concerns. EO N-5-24 required the Commission to identify actions that could improve affordability, and in its responding report the Commission identified the Climate Credit as one area of opportunity.<sup>3</sup>

On July 24, 2025, the Commission approved the Order Instituting Rulemaking (OIR) to Improve the California Climate Credit, opening the instant rulemaking.

On September 19, 2025, Governor Newsom signed Assembly Bill (AB) 1207 (Irwin), Statutes 2025, Chapter 117 (AB 1207) extending the Cap-and-Trade program through 2045, renaming the program Cap-and-Invest, and making a number of changes relevant to the funds that make up the Climate Credit. This

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<sup>1</sup> D.13-12-003 at 13.

<sup>2</sup> D.12-12-033 at 4, 25, and Conclusion of Law 8.

<sup>3</sup> *CPUC Response to Executive Order N-24-5*, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf>.

proceeding is implementing these changes and considering ways to improve the effectiveness of the Climate Credit in supporting affordability, with Phase 1A focused on immediate actions to improve affordability in 2026.

AB 1207 established Public Utilities Code (Pub. Util. Code) Section (Sec.) 748.5(a)(3) requiring electric credits to be provided “in no more than four high-billed months of each year to maximize customer electric bill affordability, or as otherwise directed by the Commission to address extreme, unforeseen, and temporary circumstances.”<sup>4</sup>

On January 20, 2026, the California Air Resources Board (CARB) which promulgates the regulations for the Cap-and-Invest Program, issued its Initial Statement of Reasons proposing amendments to these regulations.

The scope and schedule of Phase 1A of this proceeding are focused on addressing immediate actions that can benefit residential customer affordability as quickly as possible. Phase 1A addresses these issues, along with statutory deadlines imposed by AB 1207 that fall in 2026 and 2027. Phase 1B considers a broader set of changes to the residential Climate Credit.

### **1.1. Procedural Background**

The following parties filed opening and/or reply comments on the OIR: Bear Valley Electric Service, Inc., jointly with Liberty Utilities (CalPeco Electric) LLC, and PacifiCorp (the Joint Small and Multi-jurisdictional Utilities or SMJUs); the Public Advocates Office at the California Public Utilities Commission (Cal Advocates); the California Community Choice Association (CalCCA); California

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<sup>4</sup> Pub. Util. Code Section 748.5(a)(3).

Farm Bureau Federation; California Large Energy Consumers Association; California Manufacturers & Technology Association; (CLECA); Center for Accessible Technology; Center for Sustainable Energy; Coalition of California Utility Employees; Energy Producers and Users Coalition; Environmental Defense Fund (EDF); Natural Resources Defense Council; Pacific Gas and Electric Company (PG&E); Pacific Steel Group; San Diego Gas & Electric Company (SDG&E); Small Business Utility Advocates (SBUA); Southern California Edison Company (SCE); Southern California Gas Company (SoCalGas); Southwest Gas Corporation; and The Utility Reform Network (TURN). The California Environmental Justice Alliance (CEJA), Central California Asthma Collaborative (CCAC), Central California Environmental Justice Network (CCEJN), and Leadership Counsel for Justice and Accountability (LCJA) filed motions for party status that were granted by the ALJ.

A prehearing conference (PHC) was held on November 21, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. The PHC involved extensive discussion on issues and priorities, including the approach of immediately focusing on short-term actions to address affordability. The ALJ provided parties with an additional opportunity to provide input regarding PHC topics by filing post-PHC statements. On December 8, 2026, the following parties filed post-PHC statements: CalCCA; CCAC; CEJA, CCEJN, and LCJA (jointly); CLECA; the Joint SMJUs; Pacific Steel; PG&E; SBUA; SCE; SDG&E; SoCalGas; and TURN.

On February 3, 2026, the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued, detailing the anticipated rapid timeline for Phase 1A.<sup>5</sup> In the Scoping Memo, the Assigned Commissioner stated her intent to issue a proposed decision (PD) in February 2026 pausing the large electric utilities' 2026 residential electric Climate Credit.<sup>6</sup>

The record was submitted on February 3, 2026.

On March 5, 2026, this proceeding was reassigned to President John Reynolds.

## **2. Jurisdiction**

The Commission's authority applicable to Climate Credit funds comes from two main sources: CARB's regulations and Pub. Util. Code Sec. 748.5. The Commission implements and establishes its guidance in compliance with these and other broadly applicable authorities, including Pub. Util. Code Secs. 701 and 451. Various legislation has also provided guidance, and this proceeding will implement portions of AB 1207. In numerous decisions throughout R.10-05-006, R.11-03-012, and R-20-05-002, (for the electric utilities) and R.14-03-003 (for natural gas utilities) the Commission adopted rules and other guidance for the forecasting, distribution, and outreach related to allowance revenues.

## **3. Issues Before the Commission**

This Decision resolves only Issue 1 within Phase 1A of this proceeding, which is whether the Commission should order the large electric utilities to

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<sup>5</sup> The Scoping Memo was additionally served to the service lists of R.11-03-012 and R.20-05-002.

<sup>6</sup> Scoping Memo at 9.

pause the distribution of the 2026 residential Climate Credit while considering other issues in this phase.

The Scoping Memo explained that the electric SMJUs would not be included in the scope of Issue 1 because the record indicates that SMJU customers are less likely to benefit from an immediate pause.<sup>7</sup>

We note that the electric utilities also distribute Small Business Climate Credits and Industry Assistance Credits, which stem from the same funding source and are provided to qualifying small business and industrial customers. These credits are not affected by this decision nor are they within the scope of issues being considered in this phase of R.25-07-013.

#### **4. Pausing the Climate Credit**

Under current rules, the electric utilities distribute the residential Climate Credit twice a year: in the spring (April) and the fall (October).<sup>8</sup> Exact timing of the distribution varies because the dates of billing cycles vary among customers. For example, for the spring distribution, the utilities provide the Climate Credit to each customer within the billing cycle that either contains April 1 or that contains the greatest number of April days, meaning customers may receive their spring credit in either April or May.

Table 1 provides Climate Credit amounts approved by the Commission for distribution to the customers of each investor-owned electric utility in

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<sup>7</sup> Scoping Memo at 9.

<sup>8</sup> D.13-12-003, Ordering Paragraph (OP) 1d, and D.21-08-026 OP 8.

California.<sup>9</sup> The credit amount is the amount delivered in each of the two distributions. Table 1 shows that the 2026 Climate Credits distributed by the large electric utilities are approximately 40 to 60 percent smaller than the 2025 Climate Credits. The SMJUs’ Climate Credits are not within the scope of Issue 1 but their amounts are provided for context.

**Table 1: Residential Climate Credit Amounts Provided to Investor-owned Electric Utility Customers in 2025 and 2026**

Electric Utility	2026 Climate Credit amount	2025 Climate Credit amount
PG&E	\$36.18	\$58.23
SCE	\$36.00	\$56.00
SDG&E	\$49.36	\$81.38
Liberty <sup>10</sup>	\$71.98	\$71.98
PacifiCorp	\$111.83	\$259.36
Bear Valley	\$17.52	\$34.91

In 2025, AB 1207 established Pub. Util. Code Sec. 748.5(a)(3) requiring electric Climate Credits to be provided “in no more than four high-billed months of each year to maximize customer electric bill affordability, or as otherwise

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<sup>9</sup> The large electric utilities’ Climate Credit amounts are approved in their respective Energy Resource Recovery Account application proceedings.

<sup>10</sup> Liberty Utilities did not have an approved 2026 Climate Credit amount as of the issuance of this proposed decision, therefore as of that time, Liberty is authorized only to distribute the amount approved for 2025. Its 2026 proposed amount is pending within its 2026 ECAC.

directed by the Commission to address extreme, unforeseen, and temporary circumstances.”

In addition to this requirement, we look to party positions regarding whether we should take immediate action for 2026 relief, and what actions may be possible.

Parties including TURN, SBUA, EDF, and CEJA, CCEJN, LCJA (jointly, the EJ Parties) supported taking immediate action for bill relief in 2026.<sup>11</sup> EDF suggested that any near-term action contemplated could be shared via ruling as a “heads-up” to support the utilities’ ability to implement actions immediately.<sup>12</sup> Parties including SDG&E and the EJ Parties agreed that providing the Climate Credit in high-billed months, or in summer for electric customers, would be aligned with statute and likely to benefit customers.<sup>13</sup> While full analysis determining customers’ highest-billed months and examining the granularity of the variation of these times among customers is still to come in this proceeding, the record already shows that on average statewide, energy usage and bills are lower in the shoulder seasons of spring and fall than in the summer and winter.<sup>14</sup>

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<sup>11</sup> Reporter’s Transcript (RT) of November 21, 2026 PHC, page 71: lines 17-19; TURN Post-PHC Statement at 1; SBUA Post-PHC Statement at 2; EJ Parties’ Post-PHC Statement at 1.

<sup>12</sup> RT 64: 4-9.

<sup>13</sup> SDG&E Post-PHC Statement at 1-2; EJ Parties’ Post-PHC Statement at 3.

<sup>14</sup> NRDC OIR Reply Comments at 2; CUE OIR Comments at 3; EDF OIR Comments at 3; NRDC OIR Comments at 2; PG&E OIR Comments at 7; SCG OIR Comments at 4; SDG&E OIR Comments at 4; TURN OIR Comments at 3; SDG&E Post-PHC Statement at 1-2; SMJU Post-PHC Comments at 1-2.

With respect to the range of possible actions that could be implemented this year, SCE, PG&E, and SDG&E stated in their post-PHC Statements that it was too late to change the eligibility or calculation methodology of the Climate Credit before the 2026 credits were distributed, and that it was too late to accelerate the spring 2026 credit, but that it would be possible to accelerate the October 2026 credits to deliver them in September or August 2026.<sup>15</sup> SDG&E stated that it would not be possible to increase the number of distributions in 2026 beyond two.<sup>16</sup> Discussion focused on the potential to move up the fall credit to the summer, with the utilities agreeing that this could be implemented in 2026.<sup>17</sup>

We agree that changing Climate Credit amounts or eligibility is too complex to accomplish for 2026 distributions. No party specifically contemplated *pausing* the spring 2026 distribution to allow it to be distributed later this year, but neither did any party identify any reason why the utilities could not do so.

In the past, the Commission has changed the timing of upcoming Climate Credits. In February 2023, the Commission ordered the acceleration of the April 2023 Climate Credits in response to the rapid spike in natural gas prices that occurred throughout the West in winter 2023.<sup>18</sup> While the current timing change is a delay and not an acceleration, this shows that the utilities have in the past

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<sup>15</sup> RT 52: 9-25; SCE Post-PHC Statement at 1-2; PG&E Post-PHC Statement at 2; SDG&E Post-PHC Statement at 1-2.

<sup>16</sup> RT 55: 19-25.

<sup>17</sup> SCE Post-PHC Statement at 5; PG&E Post-PHC Statement at 2; SDG&E Post-PHC Statement at 2-3.

<sup>18</sup> D.23-02-014, issued in response to Cal Advocates' emergency Winter Bill relief motion.

implemented a change in the distribution timing of the Climate Credit with limited lead time.

As noted above, the assigned Commissioner stated in her Scoping Memo that she intended to issue a proposed decision (PD) pausing the large electric utilities' 2026 residential Climate Credit, providing advance notice of this possibility to the utilities.

We conclude that the large electric utilities' 2026 residential Climate Credit should be paused because doing so allows for the possibility for distribution of the credit to have much greater affordability impacts this year. With a PD on the additional Phase 1A matters to be issued in March 2026, the delay will be very brief. The full 2026 credits must be distributed this year for the revenue requirement forecasts adopted in the utilities' 2026 Energy Resource Recovery Account decisions<sup>19</sup> to remain accurate. Ensuring that customers receive their full credits in 2026 is an extremely high priority for us. We bear in mind that the residential electric Climate Credits are smaller this year and pausing them lets us consider the most impactful time for distribution.

We find that pausing the residential electric credit is consistent with State law: Pub. Util. Code Section 748.5(a)(3) explicitly requires its distribution in high-billed months. If we take no action now, the first 2026 credit will be provided in the spring, which is a historically low-bill time for electricity customers. The current distribution timing was intentionally aligned with lower-usage, lower-bill times of year to maximize awareness of the credit and to preserve the price

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<sup>19</sup> D.25-12-028, D.25-12-008, and D.25-12-027.

signal in rates.<sup>20</sup> A brief pause allows parties and the Commission additional time to confirm when in 2026 the credit will provide most affordability benefit to residential customers.

We take this action in direct response to statutory direction and in support of our overall goal to maximize the Climate Credit's effectiveness in supporting customer affordability. This decision orders PG&E, SCE, and SDG&E to pause the distribution of the residential electric Climate Credit. It also directs them to file Tier 1 Advice Letters to update applicable tariffs as necessary.<sup>21</sup>

To support customer understanding of this change, and in response to comments on the PD, we also direct the utilities to update and provide messaging on their websites, via customer service call-in scripts, and/or other electronic means as necessary. Updates should remove reference to a residential electric Climate Credit in April 2026 and explain that customers will still receive their Climate Credit later this year and that the State is taking action to reduce electric bills when they are highest.

While this information should be made easily accessible to customers seeking it out, it is unnecessary to proactively communicate to all customers via mass mailers or bill inserts the fact that the Climate Credit was paused. Such outreach could be confusing and would entail additional costs, and little time remains to create and implement it.<sup>22</sup> Mass communication of the pause would

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<sup>20</sup> D.21-08-026 at 42.

<sup>21</sup> SCE notes that its tariffs specifically state the month credits are distributed, which means SCE must update them to conform to this decision; other companies' tariffs may differ.

<sup>22</sup> PG&E PD Reply Comments at 1-2, SDG&E PD Comments at 3.

also counteract messaging done in support of the April gas Climate Credit, Industry Assistance Credit, SMJU April residential electric Climate Credit, and the Small Business Climate Credit, all of which are proceeding regularly. We agree with EDF that “we do not need to be overly concerned about communicating to customers that there was a deviation from the spring/fall schedule and, rather, emphasize... how affordability benefits are coming”; prioritizing “focusing on prospective improvements and not the change to the regular cadence.”<sup>23</sup> PG&E prefers that the Commission undertake outreach regarding the pause,<sup>24</sup> which we intend to do.

This information should be provided in accessible formats and multiple languages in line with other utility communications. As is already the process for Climate Credit outreach, the utilities will work with Energy Division staff to receive approval of outreach messages implemented as a result of this decision. The Commission will also lead broader outreach efforts to ensure customers are aware that their Climate Credit will be forthcoming this year.

Subsequent to any Commission decision directing when in 2026 the residential Climate Credits will be provided, the utilities should update the above messaging accordingly to reflect that timing so that customers know when they will receive their credit. For clarity, and as stated above, we reiterate that the Small Business Climate Credit is not affected by this Decision. We note that Ordering Paragraph (OP) 6 of D.21-08-026 states that the electric Small Business

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<sup>23</sup> RT 64: 15-24.

<sup>24</sup> PG&E PD Reply Comments at 1-2.

Climate Credit shall be distributed “at the *same times* the residential California Climate Credit is distributed (emphasis added).”<sup>25</sup> We reiterate that the Small Business Climate Credit is not within scope here and its distribution as previously directed is not impacted, notwithstanding this particular language linking it to the residential Climate Credit timing.

## **5. Summary of Public Comment**

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. As of the issuance of the revised PD, one public comment appeared on the Docket Card for this proceeding. The comment expresses concern about the pause coming so soon before the April Climate Credit distribution.

## **6. Service of the Proposed Decision**

As a courtesy, both the Scoping Memo and the proposed decision were served to the service lists of R.20-05-002, the Rulemaking to Review Climate Credits for Current Compliance with Statute and for Potential Improvements as well as R.11-03-012, the Rulemaking to Address Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions. Service of the proposed decision does not confer party status or place any person who has received such service on the official service list for this proceeding. Instructions for obtaining party

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<sup>25</sup> D.21-08-026, OP 6.

status or being placed on the official service list are provided within the OIR for the instant rulemaking.

## **7. Procedural Matters**

This decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

## **8. Comments on Proposed Decision**

The proposed decision of President John Reynolds in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on March 2, 2026, by CalCCA, EDF, SCE, SDG&E, TURN, and the EJ Parties. Reply comments were filed on March 9, 2026, by CalCCA, the EJ Parties, PG&E, SDG&E, and TURN.

All the parties who filed opening comments on the PD support it except for CalCCA and EDF. SCE "supports the Commission's efforts to pause the April distribution and move the climate credit to higher billed months"<sup>26</sup> and states that it can implement this change as long as the PD is adopted at the March 19, 2026 Commission voting meeting. SDG&E concurs: "While SDG&E had previously contemplated pausing only the Fall (October) 2026 residential electric [Climate Credit] distribution, it appreciates the Commission's rationale for pausing both distributions. After further internal discussions with cross-functional teams, including billing systems and marketing, SDG&E confirms that

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<sup>26</sup> SCE PD Comments at 1.

pausing both the Spring and Fall 2026 residential electric [credit] distributions is operationally feasible,” provided the PD is approved by March 19, 2026.<sup>27</sup>

TURN supports “the Commission’s use of the available tools to maximize affordability” and views the PD as a required element to achieving that end.<sup>28</sup> While TURN “acknowledges concerns regarding the rapid turnaround,” it still believes the pause is feasible and beneficial to customers.<sup>29</sup> Additionally, TURN provides detail from data requests to the large utilities showing that average bills peak in summer and that “neither April nor May can be considered ‘high-billed months’” in almost any of the utilities’ baseline territories.<sup>30</sup> In fact, TURN says that moving the credit to *any time* of year other than the spring would benefit customer affordability.<sup>31</sup>

The EJ Parties agree that the PD “correctly identifies that April is not a high-billed month.”<sup>32</sup> The EJ Parties support the PD “because it is narrowly tailored to provide an opportunity to address the urgent need of residents in environmental justice communities for bill relief this year”<sup>33</sup> and view it as a “required first step” in complying with the mandate to provide the credit in high-billed months, noting that the spring 2026 residential electric credit would

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<sup>27</sup> SDG&E PD Comments at 2.

<sup>28</sup> TURN PD Comments at 1.

<sup>29</sup> TURN PD Comments at 1.

<sup>30</sup> TURN PD Comments at 3-4.

<sup>31</sup> TURN PD Comments at 2.

<sup>32</sup> EJ Parties PD Comments at 3.

<sup>33</sup> EJ Parties PD Comments at 1.

be the first since the passage of AB 1207 and that “the legislature provided no such runway” for compliance here as it did for the deadline regarding outreach plan updates.<sup>34</sup> SDG&E agrees that the pause is necessary to comply with statute.<sup>35</sup>

However, the EJ Parties state that the PD erred by characterizing changes to eligibility or credit amounts in 2026 as infeasible, and urge us to consider changes such as providing 2026 credits only to customers enrolled in the California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) low income discount programs who are also located in hot climate zones.<sup>36</sup> This recommendation is outside the scope of Issue 1 and this decision.

CalCCA and EDF oppose the PD, seeing the risk of unintended consequences and harm to customers who may not see their highest bills in summer and who otherwise would receive their Climate Credit sooner. CalCCA criticizes the PD on procedural grounds, calling its issuance without notice or an opportunity to comment “procedurally deficient”<sup>37</sup> and condemning the “lack of any record regarding the reasonableness of such a pause.”<sup>38</sup> CalCCA asserts that the PD was issued rapidly and full analysis of the issues has not yet been completed.

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<sup>34</sup> EJ Parties PD Comments at 2.

<sup>35</sup> SDG&E PD Comments at 2.

<sup>36</sup> EJ Parties PD Comments at 3.

<sup>37</sup> CalCCA PD Comments at 2.

<sup>38</sup> CalCCA PD Comments at 2.

As contemplated at the PHC and in comments, this proceeding is phased to address specific near-term issues intended to address immediate affordability concerns and statutory deadlines while record development and further analysis continues on a broader set of issues. Not all parties share CalCCA's view: the EJ Parties believe that "pausing distribution has precedent and was sufficiently discussed in the proceeding for all parties, including the IOUs, to have anticipated a PD such as the Pause PD."<sup>39</sup> CalCCA and EDF both further make the point that "the absence of opposition to an unraised proposal does not constitute support,"<sup>40</sup> which is well taken; however, EDF and CalCCA are incorrect in stating that we lack sufficient record.

CalCCA focuses on the possibility of harm to customers whose bills peak in April or who simply have already planned for their April credit. Outweighing that concept is a clear point of fact, and clear record. First, the Climate Credit by original design was provided in lower-usage, lower-billed to preserve the price signal in rates. CalCCA minimizes the fact that electricity usage for most Californians tends to be lower in shoulder seasons and claims that "some customers actually experience 'high-billed' months in April (*i.e.* winter peaking customers)."<sup>41</sup> While this specific claim is unsupported and calling April a winter month is inaccurate, we fully realize that there likely are customers whose bills are not highest in the summer. But the record is clear on one point: electricity

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<sup>39</sup> EJ Parties PD Comments at 1.

<sup>40</sup> CalCCA PD Comments at 3, EDF PD Comments at 4.

<sup>41</sup> CalCCA PD Comments at 5.

usage and bills on average statewide are higher in the summer and winter than in the spring and fall.

For these reasons, we must remain focused on the probable greater good. Because the status quo provides credits at a lower-billed time for more customers, we can safely conclude that allowing the possibility for the spring 2026 credit to instead be provided in summer 2026 will benefit more customers' affordability than taking no action now. As SDG&E puts it: "The Commission's task is to identify months that provide the overall affordability impact statewide or within each IOU's service territory—not to preserve legacy timing for an April distribution that was intentionally aligned with lower-bill periods under prior policy."<sup>42</sup>

We have revised the decision to better reflect the above points of fact and record. In view of these points, and considering the statutory requirement for the credit to be provided in high-billed months, we are confident in the necessary use of our discretion here. We appreciate CalCCA and EDF's comments urging caution as we consider customer impacts, as well as their commitment to the forthcoming detailed analysis of these issues in this proceeding.

Multiple parties asked for revisions clarifying what outreach and communication should be done regarding the pause. SCE and SDG&E requested the discretion to provide website, call-in center, media and other informational updates to ensure customers understand they will still receive their credit later

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<sup>42</sup> SDG&E PD Reply Comments at 4.

this year. We revised the decision to provide direction regarding communications about the pause.

Finally, other minor corrections and additions were made in response to comments. SCE asks to update its tariffs regarding the timing of the provision of the credit; we revised the decision to provide this direction. SDG&E requested clarifications to reinforce our intent that the 2026 credits will still be distributed in 2026,<sup>43</sup> and we made multiple revisions to make this clearer. EDF highlighted the omission in the Procedural Background of EDF's status and participation as a party; that section has been corrected. CalCCA identified language that could incorrectly imply that the Climate Credit is a benefit from the utilities.<sup>44</sup> This was a fair point, particularly given the various requirements since the inception of the Climate Credit that reiterated the need for competitive neutrality in its administration.<sup>45</sup> We revised the decision to better reflect that the Climate Credit is distributed *by* utilities, but the money is not *from* the utilities.

## **9. Assignment of Proceeding**

President John Reynolds is the assigned Commissioner and Maria Sotero is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. The residential electric Climate Credit is currently provided in the spring and fall annually.

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<sup>43</sup> SDG&E PD Comments at 4-5.

<sup>44</sup> CalCCA PD Comments at 7.

<sup>45</sup> Such as, D.12-12-033, OP 11.

2. Current timing of the residential electric Climate Credit was intentionally aligned with lower-usage, lower-bill times of year.

3. On average statewide, energy usage and bills are lower in the shoulder seasons of spring and fall than in the summer and winter.

4. Public Utilities Codes section 748.5(a)(3) as amended in 2025 directs the distribution of the Climate Credit in high-billed months annually to maximize affordability.

5. Pausing the 2026 electric residential Climate Credit distribution will allow for the possibility of providing the credit in high-billed months in 2026.

### **Conclusions of Law**

1. The large electric utilities' distribution of the 2026 residential Climate Credit should be paused.

2. To support customer understanding of Climate Credit timing, the large electric utilities should provide messaging on their websites, via customer service call-in scripts, and other electronic means as necessary, to communicate that customers will still receive their electric Climate Credit in 2026 and that the State is taking action to reduce electricity bills when they are highest.

### **O R D E R**

#### **IT IS ORDERED** that:

1. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall pause distribution of the 2026 residential electric Climate Credit until the Commission determines when in 2026 these credits should be distributed.

2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall, as necessary, file Tier 1 Advice Letters within 15 days of the date of this decision to update applicable tariffs to conform with Ordering Paragraph 1.

3. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall update Climate Credit messaging on their websites, customer service call-in scripts, and/or other electronic means as necessary, explaining that customers will still receive their electric Climate Credit later this year and that the State is taking action to reduce electricity bills when they are highest. As previously directed, the utilities shall continue to collaborate informally with Energy Division on details of implementing this messaging. All rulings by the assigned Commissioner and the assigned Administrative Law Judge are affirmed. All motions not ruled on are denied.

4. Rulemaking 25-07-013 remains open.

This order is effective today.

Dated March 19, 2026, at Sacramento, California.

JOHN REYNOLDS  
President  
DARCIE L. HOUCK  
KAREN DOUGLAS  
MATTHEW BAKER  
CHRISTINE HARADA  
Commissioners