September 16, 2025

The Honorable Gavin Newsom
Governor of California
Capitol Office, 1021 O Street, Suite 9000
Sacramento, CA 95814

Re: SB 302 (Padilla) – Request for Signature

Dear Governor Newsom,

On behalf of the undersigned organizations committed to California's clean energy future, we respectfully urge your signature on SB 302 (Padilla), a critical measure that will fully leverage federal incentives to lower the cost of clean energy development in California. To reach our SB 100 goals (Chapters 312, 2018), California will need to more than triple the zero-emission resources it brings online over the next two decades, which requires swift and efficient deployment of clean energy infrastructure. Making this change to our tax law will help ensure that California maximizes every available tool to accelerate this transition and help make utility bills more affordable.

The 2022 Inflation Reduction Act (IRA) introduced key incentives to spur clean energy investment, including the ability to sell clean energy tax credits directly for cash, expanding access to capital beyond a small universe of financial institutions (IRC §6418). In addition, the IRA included a provision allowing certain taxpayers to receive direct payments from the Treasury (IRC §6417). Although H.R.1 accelerates the phase-out of the tax credits, it left these provisions intact. By enabling a broader range of investors to participate, these provisions will reduce financing barriers and lower the overall cost of clean energy projects for as long as federal tax credits are available. However, California remains one of only five states that has yet to align its tax code with federal law, putting the state at risk of higher project costs and slower clean energy deployment. Failure to act will result in these costs being passed through to ratepayers.

According to an independent analysis conducted by E3, conformity would decrease residential rates for the state's investor-owned utilities by up to 3% by 2040. For a typical household consuming 850 kWh/month, this reflects savings of ~$762 over the next 15 years (or ~$48/year). That represents measurable, ongoing savings that will have a meaningful impact on ratepayers at a time when every dollar counts.

In addition, the State of California itself is a significant energy consumer, accounting for roughly 1% of statewide electricity usage. Lowering electricity costs through this legislation would reduce state energy expenditures and help to provide relief to the State's General Fund. Clean energy projects benefiting from tax conformity also generate substantial economic benefits for local communities, including local jobs and hundreds of millions of dollars in increased property tax revenues that support local services and reduce the state's education funding obligations.

The IRA was designed to advance the clean energy policies that California has long championed. This is not a new state tax credit, but rather an opportunity to align our state tax code with the largest federal investment in climate and clean energy in U.S. history – an opportunity we are not currently maximizing. California has a strong track record of conforming its tax code to federal legislation, including the American Rescue Plan Act (2021), the CARES Act (2020), and the American Recovery and Reinvestment Act (2009). Given the recent federal rollbacks around clean energy, it is critical to make this change now and take advantage of these incentives while we can.

Thank you for your continued leadership in advancing California's clean energy future. SB 302 builds on that legacy, and for these reasons, we respectfully urge your signature on the bill.

Should you have any questions, please contact Cara Martinson at (916) 267-5536, or cara@publichouseconsulting.net.

Sincerely,

Stephanie Doyle, State Affairs Director, California
Solar Energy Industries Association (SEIA)

Mark Toney, Executive Director
The Utility Reform Network (TURN)

Jeremy Smith, Chief of Staff
State Building and Construction Trades Council of California

Merrian Borgeson, Policy Director, California, Climate & Energy
Natural Resources Defense Council (NRDC)

Alexis Rodriguez, Policy Advocate
California Chamber of Commerce (Cal Chamber)

Katelyn Roedner Sutter, California State Director
Environmental Defense Fund (EDF)

Jan Smutny-Jones, CEO & General Counsel
Independent Energy Producers Association (IEPA)

Alex Jackson, Executive Director
American Clean Power – California (ACP-CA)

Shannon Eddy, Executive Director
Large-scale Solar Association (LSA)

Nancy Rader, Executive Director
California Wind Energy Association (CalWEA)

Scott Murtishaw, Executive Director
California Energy Storage Alliance (CESA)

Edson Perez, Senior Principal
Advanced Energy United (AEU)

Joe Desmond, Executive Director
California Efficiency + Demand Management Council (CEDMC)

Jeremy Horan, Vice President, Government Affairs
American Council on Renewable Energy (ACORE)

Stephanie Chen, Vice President of Legislative Affairs
Marin Clean Energy (MCE)

Sean McNeil, Director of Legislative Affairs
California Community Choice Association (CalCCA)

Cc: The Honorable Steve Padilla