



2026 Data Center Legislation (Effective 1/1/27); implementation deadlines vary



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Overview

California enacted a package targeting data center electricity costs, environmental review, and resource reporting. The measures seek to protect other utility customers and improve planning, while imposing requirements specific to this property type. [Press Release](#)

CBPA's Role

CBPA, BOMA California, and CREDA California joined industry opposition to sector-specific mandates and helped stop several other data center proposals. Our concerns focused on fair cost allocation, permitting certainty, reporting burdens, and protection of sensitive operational information. The five measures summarized here were signed into law.

Key Provisions

- **SB 886 (Padilla)** – Electricity Tariffs: Directs CPUC tariff and rule updates by January 1, 2028. Covered new transmission-level connections face upgrade cost responsibility, limits on refunds, and fees for early departure or inadequate load growth within the initial 10-year period. [Bill Language.](#)
- **SB 887 (Padilla)** – CEQA: Removes categorical exemptions for covered data center projects. Also offers conditional environmental leadership streamlining tied to stringent energy, water, and community-benefit requirements. [Bill Language.](#)
- **AB 2383 (Zbur)** – Energy Rates: Requires data-center tariffs for transmission, distribution, and generation service. Covered generation tariffs include at least 10 years of payment commitments, upfront collateral or prepayment, minimum payments, and cancellation or early termination fees. Generation tariff demand thresholds cannot exceed 25 megawatts. [Bill Language.](#)
- **AB 1577 (Bauer-Kahan)** – Reporting: Requires covered facilities with at least 10 megawatts of electrical capacity to submit operational data to the Energy Commission at least annually and energy and noise estimates with discretionary local permit applications. Includes disclosure protections. [Bill Language.](#)
- **AB 2619 (Papan)** – Water Disclosure: Requires owners or operators to provide water-use projections to suppliers and local licensing agencies, then prior-year usage and cooling-system information at license renewal, under penalty of perjury. [Bill Language.](#)

Implications for CRE

Covered projects face added compliance work, utility cost exposure, and potential approval delays. Members should incorporate applicable requirements into budgets and development schedules. For the broader industry, property-specific regulation raises concerns about similar treatment of cold storage, logistics, retail distribution, and manufacturing. Expansion to those uses would require further policy action; these laws do not automatically extend all data center requirements to other commercial properties.

*****This summary provides CBPA members with an overview of SB 886, SB 887, AB 2383, AB 1577, and AB 2619, their key provisions, and their potential impacts on California's commercial real estate industry. This summary is intended for informational purposes only and does not constitute a legal interpretation or legal advice. Members should consult their legal counsel for guidance on how the laws apply to their properties or businesses, including any applicable compliance obligations.*****