



# Agenda Report

August 25, 2025

**TO:** Honorable Mayor and City Council

**THROUGH:** Legislative Policy Committee (August 20, 2025)

**FROM:** Water and Power Department

**SUBJECT:** **SUPPORT FOR AB 740 (HARABEDIAN): VIRTUAL POWER PLANTS:  
LOAD SHIFTING: INTEGRATED ENERGY POLICY REPORT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed in the agenda report is covered by the "Common Sense" exemption set forth in State CEQA Guidelines Section 15061(b)(3) as CEQA only applies to projects that may have a significant effect on the environment.
2. Support Assembly Bill 740 (Harabedian) – Virtual Power Plants: Load Shifting: Integrated Energy Policy Report; and any subsequent related legislation; and
3. Authorize the Mayor to send letters to the appropriate authorities stating Pasadena's position.

## **BACKGROUND:**

A virtual power plant (VPP) is a connected system of behind-the-meter distributed energy resources (DERs) in aggregate that can work together to reduce or shift load at a large scale, like a power plant. Pasadena Water and Power (PWP) has provided incentives through rebate and tariff programs to help its residents and businesses adopt DERs, including solar, smart thermostats, and heat pumps. Additionally, since 2023, the City of Pasadena has participated in the state's largest VPP pilot, the California Energy Commission's (CEC's) Demand Side Grid Support program, which pays incentives to participants for reducing demand and shifting load under grid emergencies. Outcomes from the pilot have indicated that deploying VPPs at scale could help to further improve grid stability and reliability using renewable resources, and provide cost savings to ratepayers. PWP is now actively working with our eligible large-load customers to facilitate their participation in the program.

AB 740 would require the CEC, on or before November 1, 2026, to develop and adopt a plan for at-scale deployment of VPPs in California. In this plan, the CEC is required to, among other things:

- Identify resources, policies, and timelines needed for VPPs to help meet the statewide load-shift goals adopted pursuant to Public Resources Code section 25302.7;
- Identify barriers and opportunities for VPP resources to qualify for resource adequacy; and
- Evaluate how VPPs can be optimally configured to maximize cost savings for ratepayers and to maximize electrical grid system benefits, such as reducing greenhouse gas emissions and easing local congestion.

Importantly, the VPP Implementation Plan that the CEC develops per the direction of this bill is aimed to provide recommendations on how to deploy VPPs across the state's utility service territories, but does not inherently start any new programs or tariffs.

This bill is authored by Assemblymember John Harabedian (D-Pasadena) and was amended to its current form on April 28, 2025.

**COUNCIL POLICY CONSIDERATION:**

Support of this bill helps further the City Council goals to increase conservation and sustainability and to ensure public safety.

**ENVIRONMENTAL ANALYSIS:**

The proposed action has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15061(b)(3), the Common Sense Exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

**FISCAL IMPACT:**

The proposed action has no fiscal impact to the City of Pasadena.

Respectfully submitted,



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Prepared by:



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Approved by:



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Attachment A – AB 740 text