AGENDA: 5

Bay Area Air District

2026 Legislative Platform and State and Federal Legislative Updates

Policy, Grants, and Technology Committee

February 18, 2026

Alan Abbs
Legislative Officer
Legislative and Government Affairs

Abbreviations

- Assembly Bill (AB)
- Senate Bill (SB)
- House of Representatives Bill (H.R.)
- California Environmental Quality Act (CEQA)
- Heating, Ventilation, and Air Conditioning (HVAC)

Recommended Actions

Recommend to the Board of Directors that the Board:

1. Adopt the proposed 2026 Legislative Platform
2. Adopt positions on pending state and federal legislative bills where appropriate, including, but not limited to the following Air District staff recommendations:
   - State Legislation (See Slide 4)
   - Federal Legislation (See Slide 5)

Recommended Action #2 (State Legislation)

Recommend to the Board of Directors that the Board:

- Support AB 1777 (Garcia) – Air pollution: indirect sources

Recommended Action #2 (Federal Legislation)

Recommend to the Board of Directors that the Board:

- Oppose H.R. 161 (Griffith-R-VA-9)
- Oppose H.R. 4214 (Allen-R-GA-12)
- Oppose H.R. 4218 (Carter-R-GA-1)
- Oppose H.R. 6387 (Evans-R-CO-8)
- Oppose H.R. 6409 (Pfluger-R-TX-11)

Bay Area Air District

Proposed 2026 Legislative Platform

State Budget | State Legislation |
Federal Legislation and Regulatory Activities

State Budget

1. State Funding for Clean Air Projects
2. Greenhouse Gas Reduction Fund
3. AB 617 Community Air Protection Program Implementation and Incentive Funding
4. Wildfire Mitigation and Public Health Response
5. Clean Tech Financing
6. Low-Carbon Transportation Incentives

State Legislation

1. Address Legal Barriers to Environmental Justice
2. AB 617 Community Air Protection Program
3. Vehicle Emissions and Reducing Vehicle Miles Traveled
4. Climate Change
5. Green and Healthy Buildings
6. Wildfire Smoke Public Health Response
7. Emergency Backup Generation
8. Toxic Air Emissions
9. Wildfire Smoke Mitigation/Prescribed Fire
10. Stationary Source Greenhouse Gas Authority
11. Land Use

Federal Legislation and Regulatory Activity

1. Federal Funding for Air District Clean Air Programs
2. Wildfire Smoke Public Health Response
3. Clean Transportation Programs
4. Clean Energy Programs
5. Particulate Matter Standards
6. Vehicle Emission Standards
7. Climate Change
8. Green and Healthy Buildings
9. Leaded Aviation Gas

Bay Area Air District

State Legislative Updates

2026 Legislative Session

Date/Deadline	Description
February 20, 2026	Last day for bills to be introduced
May 29, 2026	Last day for each house to pass bills introduced in that house
August 31, 2026	Last day for each house to pass bills
September 30, 2026	Last day for the Governor to sign or veto bills passed by the Legislature before September 1 and in the Governor's possession on or after September 1
November 3, 2026	General Election
November 30, 2026	Adjournment *sine die* at midnight
December 7, 2026	12 Noon convening of the 2027-28 Regular Session
January 1, 2027	Statutes take effect

Board-Approved-Position Bills

As of February 4, 2026

SB 222 (Wiener)

Heat Pump Access Act

This bill would make cost-saving, energy efficient heat pump water heater and HVAC installations faster, simpler and more affordable by streamlining the permitting process.

Status: Passed the Senate Floor on January 26, 2026. The bill has been ordered to the Assembly.

Position: Co-Sponsor (approved by the Board on February 4, 2026)

AB 907 (Chen)

State Air Resources Board: board members: compensation

The bill proposal would provide that the California Air Resources Board (CARB) board members representing air districts receive the same level of compensation as other Governor-appointed voting CARB board members. Per current statute, Health and Safety Code Section 39512.5, air district CARB Board members only receive $100 per meeting plus actual and necessary expenses.

Status: 2-Year Bill

Position: Support (approved by the Board on February 5, 2025)

Air District Staff Recommendations

AB 1777 (Garcia)

Air pollution: indirect sources

This bill would authorize the California Air Resources Board, if necessary to carry out that duty to achieve those ambient air quality standards, to adopt regulations to reduce or mitigate emissions from indirect sources of pollution.

Status: Introduced on February 9, 2026

Staff Recommendation: Support

Additional Bills for Discussion

Bills for Discussion

- **AB 1553 (Connolly)** – California Environmental Quality Act
- **AB 1584 (Jackson)** – State Air Resources Board: Office of Civil Rights
- **AB 1600 (Arambula)** – Disadvantaged communities: farmworker communities
- **AB 1612 (Alanis)** – Incineration of controlled substances: California Environmental Quality Act: law enforcement exemption

Bills for Discussion (cont.)

- **AB 1684 (Ward)** – Common interest developments: cooling systems
- **SB 58 (Padilla)** – Air quality: standard: hydrogen sulfide
- **SB 811 (Caballero)** – Hazardous materials: metal shredding facilities
- **SB 885 (Strickland)** – Major regulations
- **SB 899 (Grove)** – Fire prevention: Wildfire and Forest Resilience Task Force: wildfire smoke

Bills for Discussion (cont.)

- **SB 954 (Blakespear)** – California Environmental Quality Act: exemptions: natural and protected lands: advanced manufacturing: childcare facilities
- **SB 973 (Becker)** – Wildfire County Coordinator Program
- **SB 982 (Wiener)** – Climate disasters: civil actions

Bay Area Air District

Federal Legislative Updates

Air District Staff Recommendations

H.R. 161 (Griffith-R-VA-9)

New Source Review Permitting Improvement Act

To amend sections 111, 169, and 171 of the Clean Air Act to clarify when a physical change in, or change in the method of operation of, a stationary source constitutes a modification or construction, and for other purposes.

Staff Recommendation: Oppose

H.R. 4214 (Allen-R-GA-12)

Clean Air and Building Infrastructure Improvement Act

To require the Administrator of the Environmental Protection Agency to publish, concurrently with any final rule establishing or revising a national ambient air quality standard, regulations and guidance for implementing the standard, including information relating to submission and consideration of a preconstruction permit application under the new or revised standard, and for other purposes.

Staff Recommendation: Oppose

H.R. 4218 (Carter-R-GA-1)

Clean Air and Economic Advancement Reform (CLEAR) Act

To amend the Clean Air Act to facilitate State implementation of national ambient air quality standards, and for other purposes.

Staff Recommendation: Oppose

H.R. 6387 (Evans-R-CO-8)

Fire Improvement and Reforming Exceptional Events (FIRE) Act

To amend the Clean Air Act to require revisions to regulations governing the review and handling of air quality monitoring data influenced by exceptional events or actions to mitigate wildfire risk.

Staff Recommendation: Oppose

H.R. 6409 (Pfluger-R-TX-11)

Foreign Emissions and Nonattainment Clarification for Economic Stability (FENCES) Act

To amend the Clean Air Act to clarify standards for emissions emanating from outside of the United States, and for other purposes.

Staff Recommendation: Oppose

Additional Bills for Discussion

Bills for Discussion

- **H.R. 6373 (Palmer-R-AL-6)** – Air Permitting Improvements to Protect National Security Act of 2025
- **H.R.6398 (Joyce-R-PA-13)** – Reducing and Eliminating Duplicative Environmental Regulations Act (RED Tape Act)

Recap: Recommended Actions

Recommend to the Board of Directors that the Board:

1. Adopt the proposed 2026 Legislative Platform
2. Adopt positions on pending state and federal legislative bills where appropriate, including, but not limited to the following Air District staff recommendations:
   - State Legislation (See Slide 31)
   - Federal Legislation (See Slide 32)

Recap: Recommended Action #2 (State Legislation)

Recommend to the Board of Directors that the Board:

- Support AB 1777 (Garcia) – Air pollution: indirect sources

Recap: Recommended Action #2 (Federal Legislation)

Recommend to the Board of Directors that the Board:

- Oppose H.R. 161 (Griffith-R-VA-9)
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- Oppose H.R. 6387 (Evans-R-CO-8)
- Oppose H.R. 6409 (Pfluger-R-TX-11)

Questions & Discussion

For more information:

Alan Abbs | Legislative Officer | aabbs@baaqmd.gov

AGENDA: 6

Bay Area Air District

Report on Transportation Fund for Clean Air Projects Expenditures and Effectiveness for Fiscal Year Ending 2025

Policy, Grants, and Technology Committee

February 18, 2026

Minda Berbeco, PhD
Manager
Strategic Incentives Division

Recommended Action

Recommend to the Board of Directors that the Board adopt a determination that the Fiscal Year Ending (FYE) 2025 Transportation Fund for Clean Air (TFCA) 60% Fund expenditures were effective in improving air quality.

Transportation Fund for Clean Air

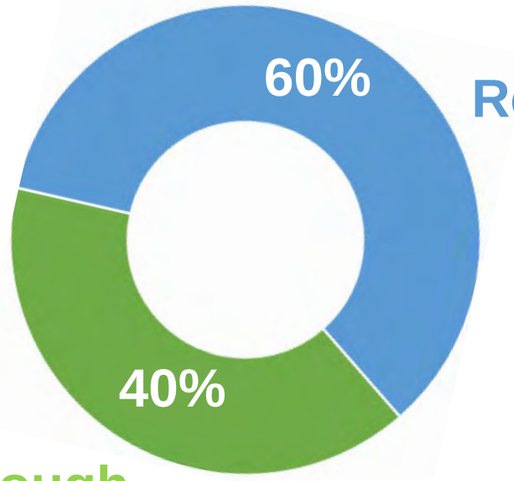
Funding provided by $4 surcharge on motor vehicles.

Air District's Board to annually review expenditures to determine their effectiveness in improving air quality.

The TFCA 60% is one of many funding programs the Air District oversees.

Completed by FYE 2025:

- ✓ 15 TFCA Regional Fund Projects
- ✓ 5 Air District-sponsored programs

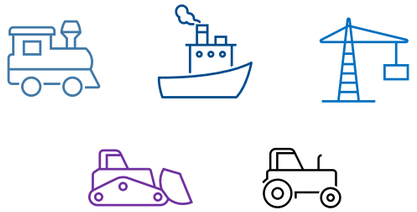


Bay Area Air District
Regional Fund

Pass-through to Counties

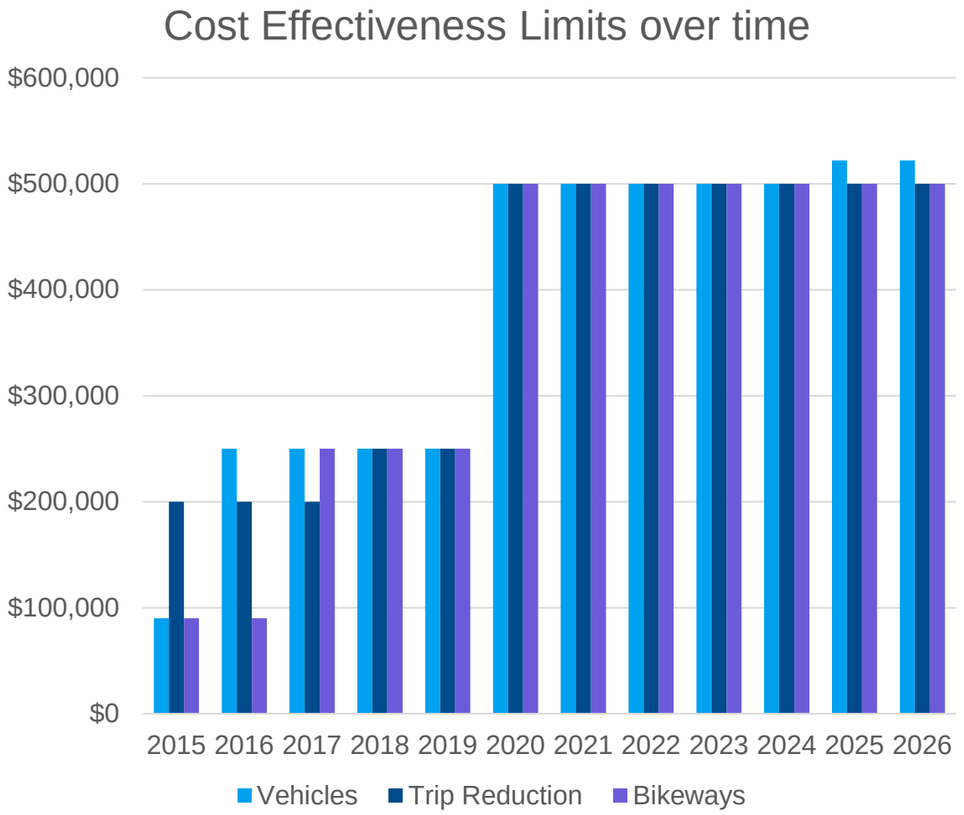
Cost Effectiveness

- Project Award Amounts are based on Cost-Effectiveness (CE)
- **CE informs the ton of emissions reduced per dollar spent**
- Projects are evaluated to calculate the tons of emissions reduced, considering factors such as: equipment emission rates, regulatory requirements, usage

CE limit for Conventional Fuel	**CE limit for Zero-Emission**
 Up to **$34,000/ton**	 Up to **$522,000/ton**

Considerations for Cost Effectiveness Limits

- Increasing costs
  - Inflation
  - Tariffs
  - Supply constraints
  - Shift to zero-emission technologies
- Diminishing emission benefits
  - Light duty fleet became cleaner
- Co-benefits
  - Greenhouse gas reductions
  - Congestion
  - Healthier lifestyle

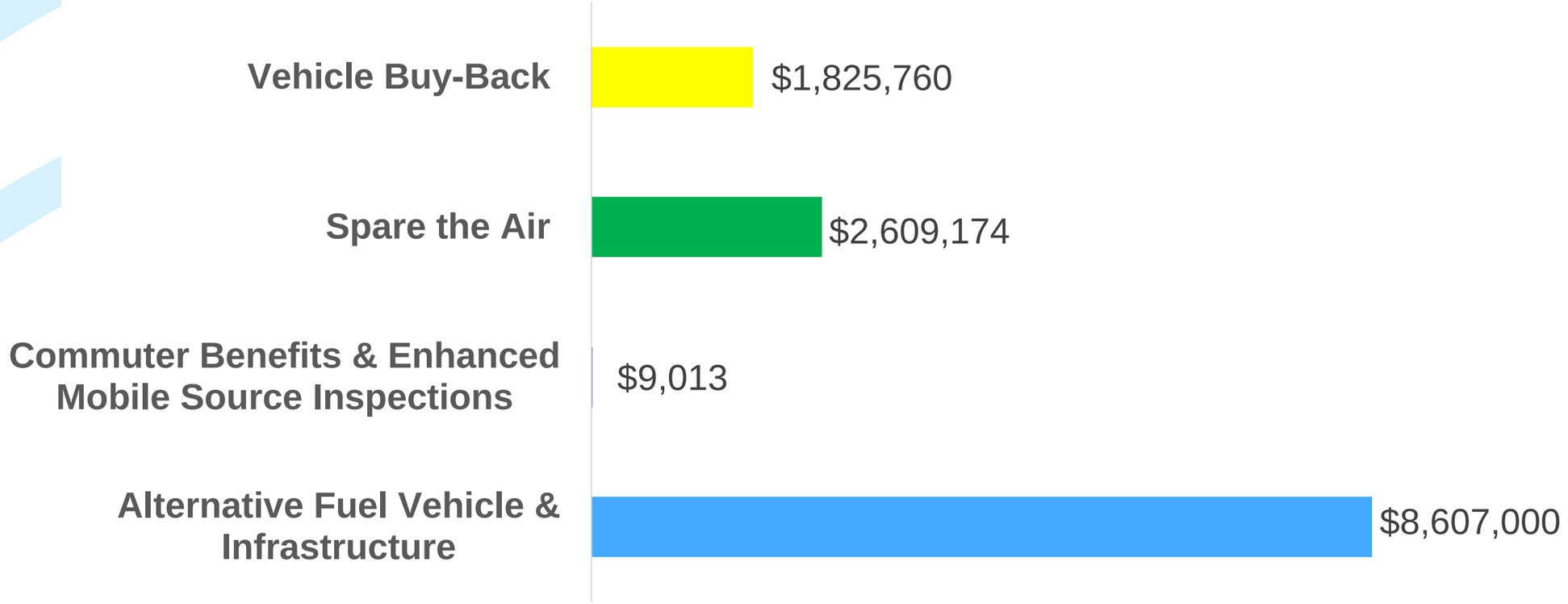


Summary of Project and Program Results

TFCA 60% Total expenditures: $14.04 million

- $8.61 million through Regional Fund for 15 projects
- $4.44 million for four Air District-sponsored programs
- $0.99 million for FYE 2025 administrative costs, including audit fees

Expenditures by Project Category



Effectiveness & Emissions Reductions

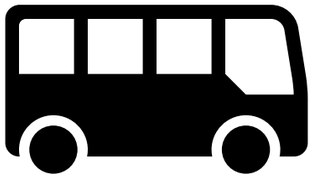
Lifetime criteria pollutants reduced: **171.56 tons**

- **Particulate Matter (PM_{10}): 56.51 tons**
- **Nitrogen Oxides (NO_x): 49.47 tons**
- **Reactive Organic Gases (ROG): 65.59 tons**

72% of funds were awarded to projects that will provide air quality benefits to Priority Communities.

Effectiveness & Emissions Reductions

- TFCA funds were allocated to eligible projects and programs
- Overall average cost-effectiveness: $71,467/ton criteria pollutant emissions reduced
- Funded projects also achieved public health benefits

Next Steps

Continue work to align TFCA to meet goals and objectives of the Board-approved Strategic Plan to focus funding on projects and programs that:

- Maximize emissions reductions and cost-effectiveness
- Maximize benefits for priority communities
- Have additional public health benefits

Recommended Action

Recommend to the Board of Directors that the Board adopt a determination that the FYE 2025 TFCA 60% Fund expenditures were effective in improving air quality.

Questions

For more information:

Minda Berbeco, PhD | Manager | mberbeco@baaqmd.gov

AGENDA: 7

Bay Area Air District

Data Center Overview and Considerations

Policy, Grants, and Technology Committee

February 18, 2026

Jamesine Rogers Gibson, Senior Advanced Projects Advisor, Planning and Climate Protection Division

Alan Abbs, Legislative Officer, Legislative and Government Affairs Division

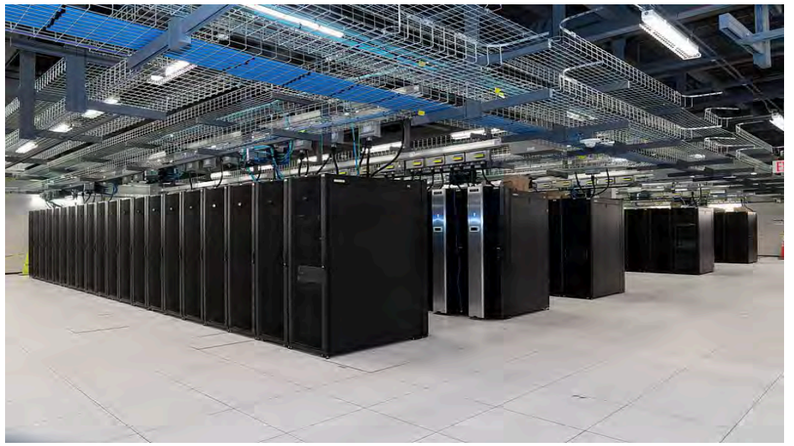
Overview of Data Centers

Data centers are physical facilities that house and run large networked computer systems and servers for the processing, storage, and distribution of large amounts of data

They support core applications like:

- *artificial intelligence (AI)*
- *autonomous vehicles*
- *e-commerce*
- *online communication*
- *cloud-based computing and storage*
- *content delivery and streaming*

Example of Exterior of a Data Center (Creative Commons)



Example of Interior of a Data Center (Creative Commons)

Types of Data Centers

Enterprise

Smaller, private facilities serving a single business (usually “on-premises”)

Hyperscale

Large-scale operators that deliver rapid computing power and cloud-based storage to support AI and other data-intensive applications

Colocation

Multi-tenant facilities owned/ leased by a data center provider serving many organizations and businesses

Edge

Small, decentralized computing facilities located close to end users who generate and consume data

Siting Considerations

Key considerations include:

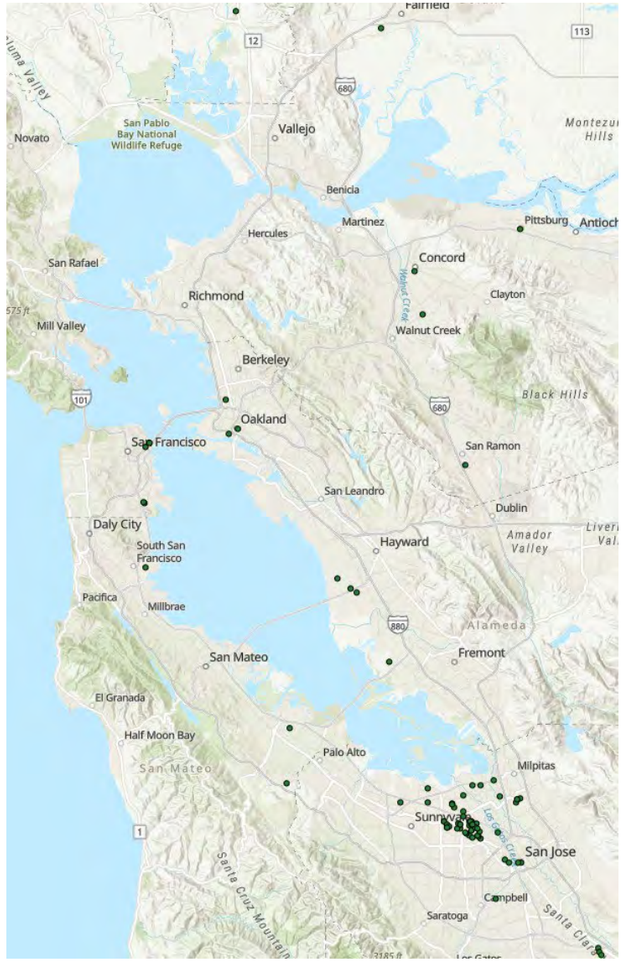
- Speed to secure reliable power
- Reliable fiber connectivity
- Availability of land and water
- Regulatory environment
- Proximity to major populations and industries

Google Earth Image of two Data Centers in San Francisco in Bayview Hunters Point

Data Centers in the Bay Area

Where are they located?

- Clustered in Santa Clara County (San Jose, Santa Clara)
- In some overburdened communities
- In communities already experiencing high diesel particulate matter emissions



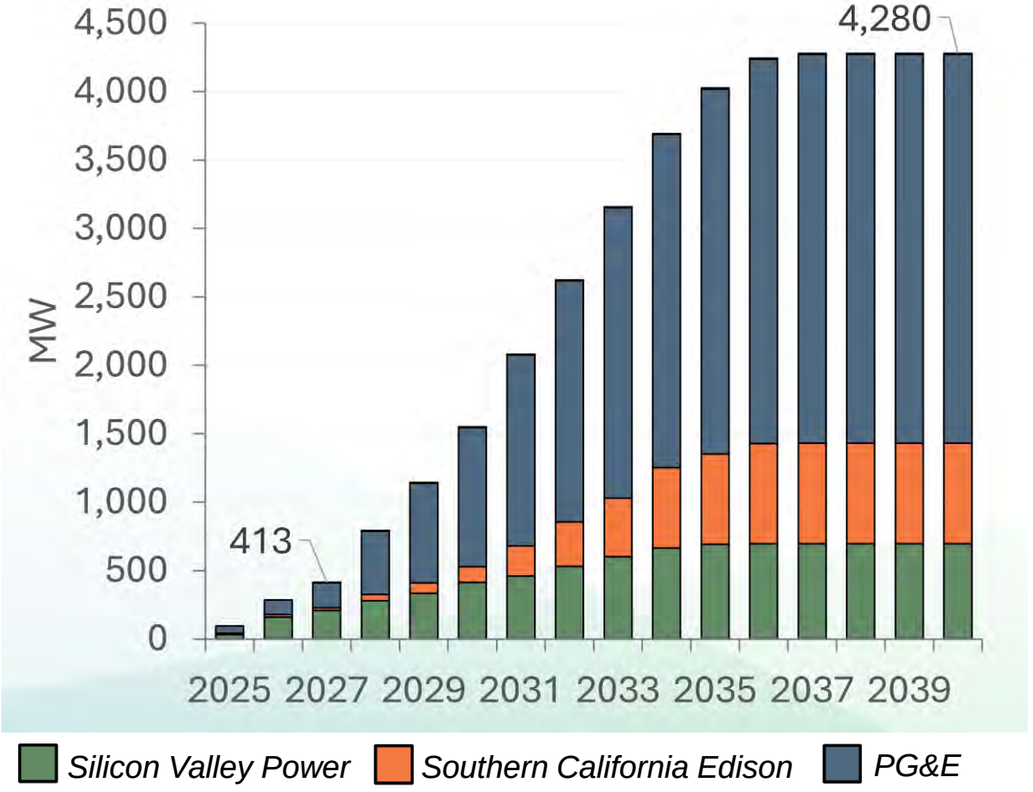
Data Centers in 2021 Permitted and Proposed for Future Permitting. Source: Air District

Rapid Growth in Data Center Power Demand

Projected energy demand for data centers shows significant increases:

- Primarily in Bay Area and northern California
- Potential implications for air quality, greenhouse gas emissions, and ratepayers

California Energy Commission Mid Case Data Center Energy Forecast Results



Source: California Energy Commission

Air Pollution and Back-Up Generation

Diesel Generator at a Data Center in Los Angeles (Creative Commons)

- Reliability is a key design constraint
- Diesel back-up generators (BUGs) generate harmful air pollution
- Alternative back-up generation technologies are being explored

Infrastructure and Ratepayer Impacts

Speed to secure sufficient, reliable power is critical for where data centers locate

- *May require significant grid infrastructure investments*

Infrastructure upgrades have potential to impact electricity rates, including for residential ratepayers

Power Distribution Substation (Creative Commons)

Permitting and CEQA for Data Centers

Air District:

- Permits air pollution emissions sources at data centers
- Comments on California Environmental Quality Act (CEQA) projects

California Energy Commission:

- CEQA lead agency for facilities over 50 megawatt (MW)
- Small power plant exemption for 50-100 MW

City and County:

- CEQA lead agency for data center projects less than 50 MW

Recent Legislative Activities

Air District staff will provide a summary of current pending legislation as it relates to data centers

Staff Note: The deadline for bill introductions is February 20, 2026, so additional bills may be introduced after this staff presentation

Questions & Discussion

For more information:

Jamesine Rogers Gibson | Senior Advanced Projects Advisor | jrogersgibson@baaqmd.gov

Alan Abbs | Legislative Officer | aabbs@baaqmd.gov

AGENDA: 7

Data Center Power

Grid Interactions and Backup Power

February 18, 2026

Joshua Lappen, PhD

Presentation Outline

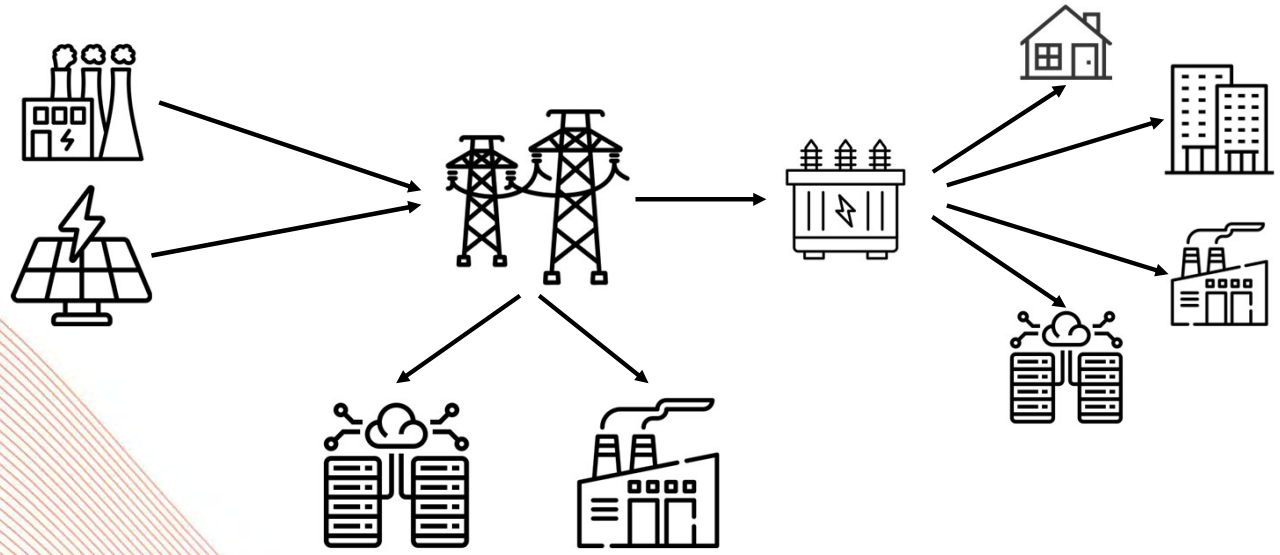
Data Centers and the Electric Grid

- Supply, Regulation, and Rates
- Potential Grid Impacts

Backup Power

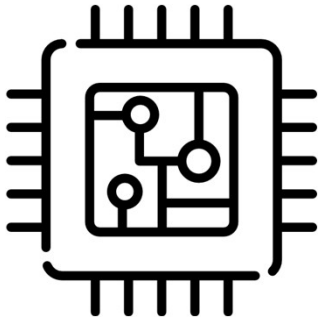
- Purpose and Function
- Mitigation Approaches

Data Centers and the Grid



Data Center Power Usage

Cooling
Dependent on computing, building design, and weather



Computing
Dependent on hardware architecture and computational efficiency

Relevant Entities

Investor-Owned Utilities
Provide electric service under PUC oversight
Contract for electric generation

California Public Utilities Commission
Oversees investor-owned utilities, including by:
- Approving electric rates
- Approving capital expenditures

California Energy Commission
Permits thermal power plants over 50 MW

California Independent System Operator
Coordinates and manages the grid across BAAQMD territory

Municipally-Owned Utilities
Provide electric service under local oversight
Build or contract for electric generation

Electric Rate Impacts

Rate design is a policy process.
Data centers' impacts on electric rates will depend on choices by policymakers.

- Investor-owned utilities: proposed by the utility and approved by the Public Utilities Commission.
- Municipally-owned utilities: set by the utility, sometimes approved by local council.

Electrification Goal Impacts

Data center load growth has the potential to impact District electrification goals to the extent that:

- Electric rate design transfers some of the costs associated with supplying power to data centers to other electric customers
- Data center power demand is so great that electric supply is constrained
- Data center interconnection demands are so great that utilities' administrative capacity is constrained

Other Potential Grid Impacts

Grid Carbon Content

- Slower retirement of fossil-fueled power plants
- Higher utilization of fossil-fueled power plants
- New construction of fossil-fueled power plants

Power Quality and Grid Stability

- If large data centers vary their consumption rapidly, they could impact power quality for other users.
- In a worst-case scenario, data center demand variation could cause blackouts.
- Texas regulators have identified this problem.

Data Center Backup Power

Uninterruptible Power Supplies

- Most common source: Batteries
- Purpose: Very-short-term protection for electronics

Backup Generators

- Most common source: Diesel generators
- Purpose: Short- to medium-term replacement for grid power

Design determines both duration and capacity.

Diesel Backup Impacts

- Testing
- Blackouts and Disconnects
- Emergency Grid Dispatch

Data Center cooling systems and backup generators. Credit: Andrew Caballero-Reynolds/Getty Images via InsideClimateNews

Mitigation Approaches

Replace Backup Power Source

- Different alternatives to diesel have different pros, cons, and requirements.

Reduce Data Center Electricity Demand

- Lower peak demand means smaller backup power needs.
- When do data centers need *electricity* specifically?

Strengthen Data Center Flexibility and Redundancy

- Making data center operations flexible can reduce the need to use backup power.

Backup Power Technologies

Diesel Generators

- On-site fuel tank
- High GHG and air toxics emissions
- Highly familiar

Gas Generators

- Pipeline fuel supply
- High GHG emissions
- Lower air toxics emissions
- Significant backorders for highest-efficiency options

Batteries

- Store grid power
- Zero local emissions
- Higher up-front cost
- Possible revenue stream
- New to many local permitters

Fuel Cells

- Pipeline fuel supply
- GHG emissions
- Low air toxics emissions
- Higher up-front cost
- New to many local permitters

Backup Power Technologies

	Local Toxic Air Pollutant Emissions	Local Greenhouse Gas Emissions	Energy Supply	Upfront Capital Cost	Familiarity to Developers and Regulators	Possible Revenue Stream
Diesel Generators	High	High	Trucked to on-site tank	Low	Highest	No
Natural Gas Generators	Moderate	High	Pipeline	Low	High	No
Batteries	None	None	Grid	High	Low	Yes
Fuel Cells	Low	Moderate	Pipeline	High	Low	Unclear

Battery Backup

Advantages:

- Zero emissions
- Potential for grid benefits and revenue generation
- No District permitting involvement

Challenges:

- Higher capital requirement
- Less familiar to developers and local regulators
- Less well-proven for longer durations

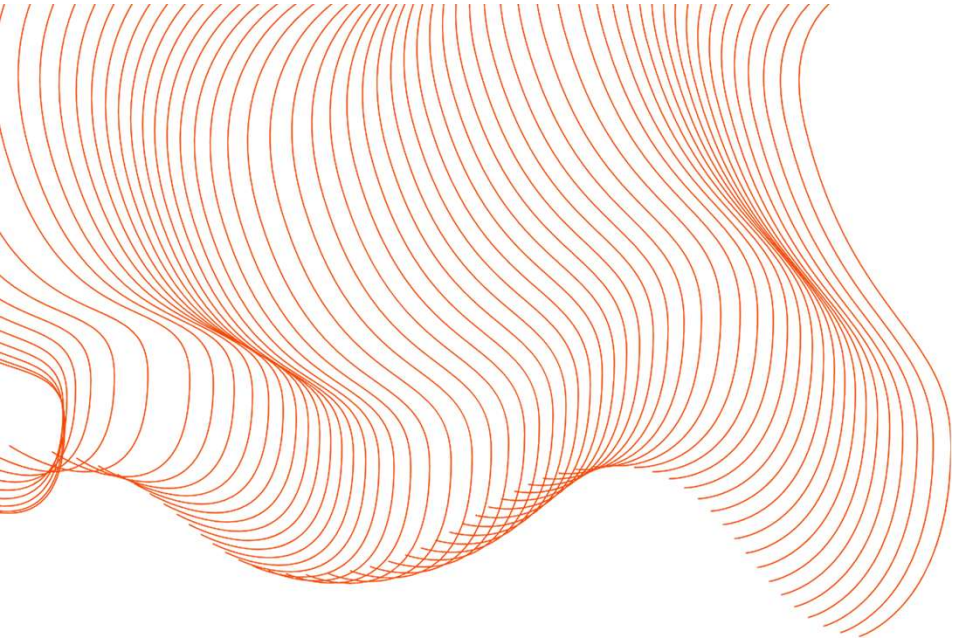
Crafting Solutions

Bring Together Stakeholders:

- CAISO: Grid stabilization
- CPUC: Storage procurement
- Utilities: Local storage
- Developers: Additional revenue stream; permitting certainty

Improve Conditions for Battery Backup:

- Reduce cooling electricity demand
- Encourage data center redundancy and interconnections
- Encourage triage of data center services
- Provide resources for local permitting



Questions and Discussion