

<b>DOCKETED</b>	
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<b>Project Title:</b>	Amendment to Definition of Related Facility
<b>TN #:</b>	269270-3
<b>Document Title:</b>	ISO - Changes to the definition of "related facility" & addition of the definition of "appurtenant facility"
<b>Description:</b>	Initial Statement of Reasons
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**CALIFORNIA ENERGY COMMISSION**

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**INITIAL STATEMENT OF REASONS**

Amendments to the Definition of Related Facility  
Title 20, California Code of Regulations  
Amendments to Section 1201(q) in Division 2, Chapter 2

Docket No. 25-RULE-01  
Notice Published on March 20, 2026

**INTRODUCTION**

The California Energy Commission (CEC) proposes to add the definition of “appurtenant facility” and adopt changes to the definition of “related facility” in the California Code of Regulations (CCR), Title 20, Article 2, after considering all comments, objections, and recommendations regarding the proposed regulation.

The purpose of this rulemaking is to update the terminology and criteria for determining the equipment, structures, or accessories that are jurisdictional to the CEC whether initially proposed as part of a project or added to an operating facility previously certified by the CEC.

Adding the definition of “appurtenant facility” and amending the definition of “related facility” will provide clarity regarding the scope of the CEC’s certification for both applicants who seek a certification for a powerplant project or seek to amend an existing powerplant certification.

**PROBLEM STATEMENT**

The term “appurtenant facility” is found in the Public Resources Code implementing the CEC’s powerplant certification program: specifically, Public Resources Code sections 25120 and 25545(b)(1). But the term is not defined within the CEC’s powerplant siting program statutory provisions.

The term “appurtenant facility” is also currently not defined in Title 20, California Code of Regulations, Section 1201. With current design and technology advancement, adding this definition is necessary to better reflect the changes in the way the state’s electricity generation and transmission systems are built, and older facilities are being modified to accommodate hybrid technologies.

The term “related facility” appears throughout Chapters 6 and 6.2 of Division 15 of the Public Resources Code covering the CEC’s powerplant licensing program. Since at least the early 1980s, the CEC has defined “related facility” to implement the CEC’s

certification, or licensing program, granting an applicant the authority to construct and operate a powerplant.

Public Resources Code sections 25110 and 25545(b) provide two distinct definitions of “facility” but the term “related facility” is not directly defined in statute. Further, the Public Resources Code uses the term “related facility” in two different relationships. In some cases, the operative language is “site and related facility” and in others it is “powerplant and related facility.” Based on the definitions of “facility” in sections 25110 and 25545(b) and the definition of “site” in section 25119, the phrase “site and related facility” refers to the specific project site and the powerplant located at that site. The other phrase, “powerplant and related facility” implies a relationship between the powerplant and appurtenant components associated with a power generating facility. Finally, Public Resources Code sections 25120 (definition of thermal power plant) and 25545(b)(1) (definition of facility) both use the phrase “facilities appurtenant thereto” to indicate the nearby nexus. The CEC’s proposed definition of “appurtenant facility” and modifications to “related facility” refine the terminology and criteria for determining which structures or components added to an existing CEC jurisdictional powerplant or powerplant site would be under the CEC’s jurisdiction. This is important to accommodate expected changes to the fleet of CEC jurisdictional powerplants to support grid reliability and the state’s renewable energy and greenhouse gas emission goals.

Over the last 40 years the types of powerplants under the CEC’s jurisdiction have changed as has the equipment and key components that comprise the state’s power generation and transmission systems. These changes have made the current definition of “related facility” obsolete by limiting the term “related facility” to thermal powerplants, thus not accounting for the types of facilities eligible under the CEC’s streamlined permitting processes. (Pub. Resources Code, § 25545(b)).

In addition, the energy landscape has changed with energy storage technology increasingly being added to existing thermal powerplant sites to help the state meet both reliability and greenhouse gas emission reduction goals. The current lack of a definition for “appurtenant facility” and current definition of “related facility” need to be updated to provide jurisdictional clarity in light of the growing deployment of storage technology as a component of existing powerplants. Finally, the definitions need to account for how powerplants operate in a complex electrical system with high penetration of variable resources like solar and wind.

The proposed definition of “appurtenant facility” also addresses an issue brought up by stakeholders regarding the scope of the CEC’s jurisdiction over data centers. The definition makes it clear that the CEC’s certification and continuing oversight only covers the generators comprising the powerplant, not the office building and servers.

Updated definitions will provide clarity for powerplant owners who seek to add different technologies on or near the sites of jurisdictional powerplants certified by the CEC.

These added and amended definitions will also provide clarity for local jurisdictions as to the components that will be covered by the CEC's certification.

## **BENEFITS**

The specific benefit of this rulemaking is to provide clarity to powerplant owners and local jurisdictions regarding the scope of both the CEC's certification programs and modifications to CEC jurisdictional powerplants. This will allow local jurisdictions to identify and license facilities clearly outside of the CEC's jurisdiction, and direct developers to the CEC for projects clearly within CEC's jurisdiction. The language changes will also facilitate a more efficient project amendment process for operating power plants.

## **STATEMENT OF SPECIFIC PURPOSE AND NECESSITY**

### **SECTION 1201(c). Appurtenant Facility**

#### **Specific Purpose:**

The specific purpose of the proposed amendments is to convert the definition of "related facility" into the definition of "appurtenant facility" and to then simplify the definition of "related facility" consistent with the definitions of "facility" and "site" found in Public Resources Code sections 25110 and 25119. The proposed definition of "appurtenant facility" in combination with amendments to the term "related facility" refines the terminology and criteria for determining if equipment proposed at a CEC jurisdictional powerplant is also jurisdictional. This framework is important to support expected modifications to CEC jurisdictional powerplants to accommodate technological changes and changes to the overall operations of the transmission system.

#### **Necessity:**

The energy landscape has changed with energy storage and grid management technology being added to existing thermal powerplants sites which help the state meet both reliability and greenhouse gas emission reduction goals. The addition of the definition of "appurtenant facility" will help ensure CEC jurisdictional powerplants have a clear pathway to upgrade and add technology to operate within a complex electrical system with high penetration of variable resources like solar and wind. The necessity for each amended subsection is discussed as follows.

**§1201(c)(1):** The phrase "any equipment, structure, or accessory" is necessary and is original language from the definition of "related facility" and was retained in the new definition of "appurtenant facility" to indicate the range of items that can be considered appurtenant to the powerplant and thus under the CEC jurisdiction if other elements of the definition are met. Because powerplants are comprised of many categories of items such as electrical components, emission control devices, evaporation ponds, inverters,

cooling systems, storage systems, the terms “equipment, structure, or accessory” cover the diversity of features found at powerplants of differing technologies.

**§1201(c)(1)(A):** The first qualifier is set forth in this subsection. For any equipment, structure, or accessory to be subject to the CEC’s jurisdiction, because it is appurtenant, it must be on site or physically connected to the powerplant. This language is necessary to ensure clarity that to be within the CEC’s certification the equipment, structures, or accessories must at a minimum be onsite or physically connected to the powerplant.

**§1201(c)(1)(B):** The second qualifier is set forth in this section. The equipment, structure, or accessory must be operated in coordination with the powerplant or be necessary for the operation of the powerplant. This language was selected to ensure that components, especially those added to an existing powerplant, have some level of operational integration between the powerplant and the added equipment. Subsection (B) includes existing language taken from the definition of “related facility” which provides a nonexclusive list of examples of common features of powerplants that are operated in coordination with or are necessary for the functioning of the powerplant.

For example a driveway providing access to the powerplant site would be jurisdictional because it is partially onsite, connected to the powerplant and is necessary for its operation.

An example of an onsite structure that would not meet subsection (B) is a retail store or restaurant on the project site. While the store or restaurant would be on the CEC’s jurisdictional site, neither would be appurtenant to the powerplant because they would not be operated in coordination with the powerplant or necessary for its operation and, thus, would not be under the CEC’s jurisdiction.

Onsite equipment to pump ground water to sell to a water provider would be an example of a non-jurisdictional equipment. If the water is not used for powerplant operations and is simply a side activity, the equipment installation, pumping, and selling of the water would be outside the CEC’s jurisdiction as the equipment would not be an appurtenant facility.

Finally, an off-site energy storage system that is physically connected to the powerplant and is operated in coordination with the powerplant would be appurtenant to the jurisdictional powerplant and under CEC’s jurisdiction. As noted by stakeholders, “operated in coordination” does not require the powerplant to directly charge the energy storage system, but to have some level of common operational control. Use of a single control room, a single software management program, or coordinated electricity output all reflect common operational control.

**§1201(c)(2):** This subsection is necessary to define the scope of subsections (2)(A) and (2)(B) which apply to the CEC’s powerplant siting programs set out in Chapters 6 and 6.2, Division 15, of the Public Resources Code.

**§1201(c)(2)(A):** This language is necessary to maintain important statutory language limitations currently found in the definition of “related facility” in section 1201(q). Public Resources Code section 25120 includes language in the definition of a “thermal powerplant” that specifically excludes the geothermal well field from the CEC’s jurisdiction by stating elements of the well field “are not appurtenant facilities” thus, for consistency with the statutory language and with the original language in the definition of “related facility” the text is being retained. The language excluding the thermal host of a cogeneration plant is also retained language from the definition of “related facility.”

**§1201(c)(2)(B):** This language is necessary to address complexities most associated with data centers. The CEC’s jurisdiction is over the powerplant, not the homes, commercial buildings, industrial facilities, streetlights, and other structures utilizing electricity generated from the powerplant. Data centers present a unique configuration in which many generators, which form the jurisdictional powerplant, provide either primary or emergency power to a dedicated building hosting the servers and office space. Developers have expressed confusion as to the scope of the CEC’s jurisdiction in the context of a data center. The proposed language clarifies that the data center’s office and server building are not appurtenant to the powerplant and thus, the construction and operations of the office and server building are not under the CEC’s jurisdiction. This scope parallels the general example of the CEC not having jurisdiction over the homes and buildings receiving electricity from CEC jurisdictional powerplants.

To address the interface between the powerplant and the data center, proposed language clarifies that the equipment conveying the electricity from the powerplant to the data center would be appurtenant if it otherwise meets the definition. This language is necessary to ensure clear demarcation between the jurisdictional powerplant and non-jurisdictional data center. It should be noted that for purposes of the California Environmental Quality Act, when evaluating a powerplant serving a data center, the CEC would be required to consider the whole of the action and assess the environmental impacts of the entire project being proposed, which would include the data center building.

## **SECTION 1201(q). Related Facility**

### **Specific Purpose:**

The specific purpose of the proposed amendments is to update the definition of “related facility” to provide clarity over the CEC’s jurisdiction in light of increased complexity in powerplant operation and design. The existing rule unduly restricts the scope of equipment and accessories, now part of the supply side of the electricity system, and these updates are necessary to account for these changes. The edits also are necessary to accommodate the new definition of “appurtenant facility” which provides for greater harmonization with the use of the terms facility and related facility in the Public Resources Code sections 25110, 25500, 25502, 25540, and 25545.1.

**Necessity:**

The proposed amendments to the definition of “related facility” are necessary to align the definition with how the term is used in the Public Resources Code. Some retained language is being moved to the new definition of “appurtenant facility” specifically section 1201(c)(1) and (c)(2)(A). The reasons for the specific language changes are as follows.

The phrase “dedicated and essential to the operation of the thermal powerplant or electric transmission line” is proposed to be deleted and not incorporated into the definition of “appurtenant facility” because it is not required by statute and is overly restrictive in what constitutes an appurtenant facility.

While the language excluding the thermal host of a cogeneration facility has been moved into the definition of “appurtenant facility” the qualifier, “absent unusual and compelling circumstances” was not retained. This is necessary to remove language that has proven to be unnecessary given how cogeneration facilities are sited with distinct non-jurisdictional heat sources generated during an industrial process at a refinery or other industrial facility, feeding into the CEC jurisdictional powerplant. The language covering the exclusion of exploratory, development, production wells, and other related equipment was moved to the definition of “appurtenant facility” and is unnecessary to be retained in the definition of “related facility” because it already exists in the statutory definition of “thermal powerplant.”

**TECHNICAL, THEORETICAL, OR EMPIRICAL STUDIES, REPORTS, OR SIMILAR DOCUMENTS**

The CEC has not relied on any technical, theoretical, or empirical studies or reports to develop the definition of “appurtenant facility” or modify the definition of “related facility.” Development of the proposed language does not require technical studies or reports.

**CONSIDERATION OF REASONABLE ALTERNATIVES, INCLUDING THOSE THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS**

No reasonable alternatives to the proposed regulation have been proposed that would lessen any adverse impact on small business or that would be less burdensome and equally effective in achieving the purposes of the regulation in a manner that achieves the purposes of the statute being implemented.

**SPECIFIC TECHNOLOGIES OR EQUIPMENT**

The proposed regulation does not mandate specific technology or equipment.

## **ECONOMIC IMPACT ASSESSMENT**

### The Creation or Elimination of Jobs Within the State of California

The CEC does not expect the proposed regulation will create or eliminate jobs within the State of California.

### The Creation of New Businesses or the Elimination of Existing Businesses Within the State of California

The CEC does not expect the creation of new businesses or the elimination of existing businesses because of the proposed regulation.

### The Expansion of Businesses Currently Doing Business within the State of California

The CEC does not expect the expansion of businesses currently doing business within the State of California because of the proposed regulation.

### Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment

The CEC does not expect any benefits to the health and welfare of California residents, worker safety, and the State's environment.

## **DETERMINATION THAT THE PROPOSED REGULATION WILL HAVE NO SIGNIFICANT ADVERSE ECONOMIC IMPACT AFFECTING BUSINESS**

The CEC has made an initial determination that the proposed regulation will not have a significant adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The proposed regulation is primarily relevant to a small number of entities that develop utility scale powerplants in the state.

The proposed regulations update the terminology and criteria for determining the equipment, structures, or accessories that are jurisdictional to the CEC whether initially proposed as part of a project or added to an operating facility previously certified by the CEC. The proposed amendments are in part to accommodate changing powerplant and grid technology and the evolution of storage as a feature in powerplants.

The proposed regulations do not impose any requirements that facility owners change the components of powerplants, the process for powerplant certification, or impose any additional requirements or costs on project applicants. There are no additional economic impacts affecting businesses or fiscal impacts affecting local or state agencies as the proposed regulations do not impose any new responsibilities on public agencies. The proposed amendments are in response to requests by project developers to clarify language.

## **DUPLICATION OR CONFLICTS WITH FEDERAL REGULATIONS**

The CEC has determined that there are no existing comparable federal regulations or statutes. The amended regulations update definitions specific to the CEC's siting program and thus are a matter of state law. The CEC has not identified any federal law that directs the CEC in how to define "appurtenant facility" or "related facility" or more broadly certify powerplants. The CEC has been certifying powerplants for over 50 years and no federal agency has identified a duplication or conflict between relevant CEC regulatory provisions and federal regulations.

## **FOR FURTHER INFORMATION**

Inquiries concerning all aspects of the rulemaking process, including the substance of the proposed regulations or any other information upon which the proposed regulation is based, should be directed to the contact persons listed in the Notice of Proposed Action for this rulemaking.