
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Benjamin Allen, Chair
2025 - 2026 Regular**

Bill No:	AB 34	Hearing Date:	6/8/2026
Author:	Patterson		
Version:	1/5/2026 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: California Renewables Portfolio Standard Program: local publicly owned electric utilities: large hydroelectric generation

DIGEST: This bill clarifies eligibility related to future compliance periods of the Renewables Portfolio Standard (RPS) for local publicly owned electric utilities (POUs) who have existing procurement of large hydroelectric energy resources, specifically extends beyond 2030 the ability to reduce their RPS compliance requirements up to the retail sales unserved by large hydroelectric energy resources.

ANALYSIS:

Existing law:

- 1) Defines a “renewable electrical generation facility” as one that, among other requirements, uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts (MW) or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. (Public Resources Code §25741)
- 2) Requires, via the California RPS Program, retail sellers and local POUs to procure a minimum quantity of electricity products from eligible renewable energy resources during certain compliance periods up to December 31, 2030. (Public Utilities Code §§399.15 and 399.30(a)(b)(c))
- 3) Defines eligible renewable energy resources include small hydroelectric generation facilities of 30 MW or less, conduit hydroelectric facilities, and the incremental increase in electrical generation resulting from efficiency improvements of existing small hydroelectric facilities. (Public Utilities Code §§399.12 and 399.12.5)

- 4) Provides that a local POU is not required to procure a certain amount of eligible renewable energy resources if, during a year within those compliance periods, the local POU receives more than 40% of its retail sales from large hydroelectric generation under an ownership agreement or contract in effect as of January 1, 2018. (Public Utilities Code §399.30(k)(2))
- 5) Authorizes the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)) to establish appropriate multiyear compliance periods for local POUs beyond December 31, 2030. (Public Utilities Code §399.30(c)(2))

This bill provides that the provision related to the procurement of eligible renewable energy resources by POUs also applies to the compliance periods established by the CEC beyond 2030, thereby allowing large hydroelectric energy resources to count towards RPS compliance beyond 2030.

Background

Renewable Portfolio Standard. The CEC administers the state's landmark RPS which ensures the state's utilities disclose electricity sources to consumers, supports renewable energy development, and tracks the state's progress toward its renewable energy goals. Enacted by SB 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California's RPS establishes increasing renewable energy procurement targets spanning multiyear compliance periods for the state's electric load-serving entities (LSE). Originally applicable to retail sellers, the statewide mandatory RPS was expanded by SBX1-2 (Simitian, Chapter 1, Statutes of 2011-12 First Extraordinary Session) to include local POUs. As a result of SB 100 (DeLeón, Chapter 312, Statutes of 2018), electricity retail sellers, including POUs, are required to increase their procurement of eligible renewable energy resources to 60% of retail sales by 2030. As part of its responsibilities, the CEC verifies the eligibility of renewable energy procured by retail sellers and POUs that are obligated to participate in California's RPS. The CEC is also responsible for certifying RPS-eligible renewable energy resources, designing and implementing an accounting system to track and report renewable energy procurement for all program participants, and overseeing compliance and enforcement of POUs. The CEC participated in the development of the Western Renewable Energy Generation Information System (WREGIS), an independently administered renewable energy tracking system to verify renewable energy procurement for all program participants. The California Public Utilities Commission (CPUC) is responsible for compliance and enforcement for retail sellers.

RPS and large hydroelectric generation. California's RPS program, and other energy programs predating RPS, have made distinctions between smaller hydroelectric facilities and larger facilities, those that are over 30 MW. These distinctions have largely reflected state policy to discourage more damming of rivers due to the impacts to the natural habitats rivers provide and the state's desire to encourage development of new renewable energy projects (including, but not limited to, solar and wind energy resources). The passage of SB 100 (De León, 2018) accelerated the RPS requirements by requiring all LSEs to meet a 60% RPS requirement by 2030 and requiring a planning goal of 100% renewable energy and zero-carbon resources by 2045.

Comments

Need for this bill. The author states:

AB 34 extends the authority of publicly owned utilities to count hydroelectric power toward renewable portfolio standards, helping stop potential rate increases for consumers and assisting with electricity affordability.

RPS and POUs. SB 100 (De León, 2018), and previous RPS updates, SB 350, (De León, Chapter 547, Statutes of 2015), included an exemption for POUs that requires they procure renewable energy only up to the retail sales unserved by large hydroelectric generation. This applies to POUs that generate more than 40% of their electricity from existing large hydroelectric sources in a given year. The goal of this exemption is to address affordability by preventing unnecessary procurement of energy and recognizing that hydroelectric generation is a flexible and zero carbon resource that complements intermittent renewables. However, the exemption currently applies only through the year 2030, while the RPS program itself extends indefinitely beyond 2030. This gap between the exemption timeline and expected lifetime of the RPS program affects the procurement of a small group of POUs who source much of their renewable energy from large hydroelectric generation. However, for these utilities the economic impacts of aligning the large hydroelectric exemption with the duration of the RPS program can be substantial.

Extending the large hydroelectric application within RPS will help address affordability. The City of Palo Alto Utilities (CPAU) is one of the POUs negatively affected by the 2030 expiration of the large hydroelectric exemption. Their analysis estimates it will cost CPAU roughly \$25 million from 2030 – 2045 in excess renewable energy procurement. The additional purchase of unneeded renewable energy will also increase electricity rates for other utilities, particularly as the energy market in recent years has at times been characterized as a seller's market. From CPAU's perspective, this is an unacceptable prospect considering

the affordability issues that California utility ratepayers face. Based on current resource portfolios, other potentially affected POUs include Biggs, Gridley, Healdsburg, and Silicon Valley, all members of the Northern California Power Agency, the sponsor of this bill. This bill would clarify that treatment of large hydroelectric energy resources continues beyond the 2030 date to include future RPS compliance periods.

Governor vetoes AB 1273 (Patterson) of 2025. A similar bill was vetoed by the Governor in 2025, although that bill included unrelated provisions regarding processes at the CPUC that seem to be the crux of the reason for the Governor's veto. The Governor's veto message stated:

While the clarification of eligibility for electric POUs under the RPS deserves attention, this bill's requirements on the CPUC's public decision-making processes risk delaying action on critical issues, including ones that the CPUC is often accused of not acting on judiciously and expediently.

Dual Referral. Should this bill be approved by this committee, it will be re-referred to the Senate Environmental Quality Committee.

Prior/Related Legislation

AB 1273 (Patterson) of 2025, included similar language, in addition to unrelated provisions concerning CPUC meetings. The bill was vetoed.

SB 386 (Caballero) of 2020, would have limited the RPS obligations for Turlock and Modesto Districts to the electricity demands that are unsatisfied by the Don Pedro Hydroelectric Project, and in exchange requires the districts to procure energy storage, as specified. The bill was held in the Senate, Energy, Utilities and Communications Committee.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2017 which increased the RPS requirement from 50% by 2030 to 60% and creates the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy.

SB 350 (De León, Chapter 547, Statutes of 2015) established the goal of receiving 50% of California's electricity from eligible renewable energy resources.

SB 591 (Cannella, Chapter 520, Statutes of 2013) limited the Merced Irrigation District's RPS obligation to the electricity demands that are unsatisfied by the New Exchequer Dam.

SBX1 2 (Simitian, Chapter 1, Statutes of 2011-12 First Extraordinary Session) required retail sellers of electricity and POUs to procure at least 33% of their electricity from renewable resources by 2020.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

Northern California Power Agency (Sponsor)

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: The Northern California Power Agency states:

Public power communities across Northern California have invested more than a billion dollars into the Central Valley Project and other federal hydropower facilities. They repay capital and environmental costs with interest each year, regardless of drought or wet years. In years with high water, hydropower output can spike, and current law properly allows POUs to count that clean energy toward RPS compliance. Without AB 34, those utilities would be forced to purchase additional renewable resources they do not need, driving millions in unnecessary costs to ratepayers. For example, the City of Palo Alto Utilities estimates that expiration of the current provision would result in roughly \$25 million in extra procurement costs between 2030 and 2045. AB 34 simply continues existing law to align the RPS with the reality of California's hydropower system and ensures that public utilities and their customers are able to benefit from the clean power they have already funded. This bill protects ratepayers, supports affordability, and maintains California's commitment to ambitious clean energy goals while recognizing the variability of hydropower in a changing climate.

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