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

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

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| Bill No: | AB 706 | Hearing Date: | 6/30/26 |
| Author: | Aguiar-Curry | | |
| Version: | 6/18/2026 Amended | | |
| Urgency: | No | Fiscal: | Yes |
| Consultant: | Nidia Bautista | | |

SUBJECT: Forest Organic Residue, Energy, and Safety Transformation and Wildfire Prevention Fund Act

DIGEST: This bill requires, upon appropriation by the Legislature, moneys from the Timber Regulation and Forest Restoration Fund or from the Greenhouse Gas Reduction Fund (GGRF) to establish the Forest Organic Residue Energy and Safety Transformation (FOREST) program in order to maintain and expand biomass power generation in the state, to revitalize idle facilities for biomass power generation, and to support biomass power generation facilities by creating additional capacity for power generation or feedstock utilization in strategically located regions of the state.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Article XII of the California Constitution and Public Utilities Code §451)
- 2) Establishes in the Natural Resources Agency the Department of Forestry and Fire Protection (CAL FIRE), and makes CAL FIRE responsible for, among other things, fire protection and prevention, as provided. Establishes the State Board of Forestry and Fire Protection (State Board) in CAL FIRE to represent the state's interest in the acquisition and management of state forests and requires the State Board to maintain an adequate forest policy. (Public Resources Code §§701 and 730)
- 3) Establishes the California Global Warming Solutions Act of 2006 which establishes the California Air Resources Board (CARB) as the state agency responsible for monitoring and regulating sources emitting greenhouse gases

(GHGs). Requires CARB to approve a statewide GHG emissions limit equivalent to the statewide GHG emissions level in 1990 to be achieved by 2020 and to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030. Requires CARB to prepare and approve a scoping plan to achieve the maximum technologically feasible and cost-effective reductions in GHG emissions and to update the scoping plan at least once every five years. (Health and Safety Code §38500 *et seq.*)

- 4) Establishes the California Renewables Portfolio Standard Program (RPS) which requires every electrical corporation to file with the CPUC a standard tariff for electricity generated by an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. Requires the CPUC to direct the electrical corporations collectively, to procure at least 250 megawatts (MW) of cumulative rated generating capacity from developers of bioenergy projects that commence operation on or after June 1, 2013. This is known as the Bioenergy Market Adjusting Tariff (BioMAT). (Public Utilities Code §399.20)
- 5) Requires electrical corporations, by July 1, 2025, to collectively procure, through financial commitments of five years, their proportionate share of 125 MW of cumulative rated generating capacity from bioenergy projects commencing operation before June 1, 2013. Requires local electric publicly owned utility (POU) serving more than 100,000 customers to procure their proportionate shares of 125 MW of cumulative rated generating capacity from those kinds of bioenergy projects subject to terms of at least five years. Exempts local electric POUs from their proportionate share if on June 1, 2022, the facility operator was in bankruptcy, or the contract does not deliver energy to the utility. This is known as the Bioenergy Renewable Auction Mechanism (BioRAM) program. (Public Utilities Code §399.20.3)
- 6) Requires an electrical corporation, local electric POU, or community choice aggregator (CCA) with a contract to procure electricity generated from biomass that is operative and expires or expired on or before December 31, 2028, to seek to amend the contract to include, or seek approval for a new contract that includes, an expiration date five years later than the expiration date in the contract that was operative in 2018, so long as the contract extension follows the feedstock requirement described above. Prohibits this requirement from applying to facilities located in federal severe or extreme nonattainment areas for particulate matter or ozone. (Public Utilities Code §8388)

- 7) Establishes the Timber Regulation and Forest Restoration Fund imposes an assessment on purchases a lumber product or an engineered wood product for storage, use, or other consumption in this state, at the rate of 1 percent of the sales price. (Public Resources Code §4629.3)
- 8) Establishes the Greenhouse Gas Reduction Fund as a special fund in the State Treasury requires all moneys collected by CARB from the auction or sale of allowances, pursuant to a market-based compliance mechanism to be deposited and available upon appropriation by the Legislature. (Government Code §16428.8)

This bill:

- 1) Makes several findings and declarations regarding forest waste, wildfire impacts, existing biomass procurement requirements, the gaps to meet the then-Governor Brown's 2018 Executive Order of treating one million acres per year, and the GHGs from wildfires.
- 2) Requires, upon appropriation by the Legislature, moneys from the Timber Regulation and Forest Restoration Fund or from the Greenhouse Gas Reduction Fund available to the State Board to establish the FOREST program in order to maintain and expand biomass power generation in the state, to revitalize idle facilities for biomass power generation, and to support biomass power generation facilities by creating additional capacity for power generation or feedstock utilization in strategically located regions of the state.
- 3) Makes a facility's solid fuel biomass electrical generation eligible for reimbursement at an incentive rate determined by the State Board if, among other things, the facility uses solid fuel biomass or forest biomass waste to generate electricity. Creates an application process for this reimbursement and requires the State Board to adopt regulations to implement the FOREST program, as provided.
- 4) Establishes the fire fuel reduction program to support sufficient procurement, transport, and beneficial use of forest biomass waste to reduce fuel for wildfires by up to 15,000,000 bone-dry tons of forest biomass waste per year.
- 5) Establishes the FOREST and Wildfire Prevention Fund in the State Treasury, and would make moneys in the fund available, upon appropriation, to the Natural Resources Agency for this program. Prohibits ratepayer funds to be used to fund the FOREST Fund.

Background

Biomass energy. Biomass powerplant is the general term for waste-to-energy power plants that burn organic material, including wood waste. According to the California Energy Commission (CEC) website, in 2024, biomass electric facilities produced 4,754 gigawatt-hour (GWh) or roughly two percent of the state's in-state electricity generation portfolio. The CEC website also notes there are just over 30 direct combustion biomass power plants in California, with installed capacity of about 640 MW. This is less than half of the facilities in operation (66) during the industries' peak¹ as biomass energy, even though it is a renewable energy resource for purposes of the Renewable Portfolio Standard (RPS) program, can be more expensive compared to other generating resources. As such, procurement requirements and/or subsidies have helped retain and sustain in-state biomass energy powerplants.

2015 Executive Order. Over 100 million trees have died and more continue to die due to many years of drought that have weakened the trees and left millions of acres of forestland highly susceptible to insect attacks. In 2015, then-Governor Brown issued an Emergency Proclamation to protect public safety and property from falling dead and dying trees and wildfire. The proclamation directed the CAL FIRE, the Natural Resources Agency, the Department of Transportation, and the CEC to identify the state's high hazard zone (HHZ) as a high priority for tree removal to prevent wildfire and falling trees. The proclamation also directed the CPUC to use its authority to extend contracts for bioenergy facilities receiving feedstock from HHZs.

BioRAM I Contracts. On March 17, 2016, the CPUC issued Resolution E-4770 requiring each of the electric investor-owned utilities (IOUs) to enter into contracts to purchase their share of at least 50 MW of collective generating capacity from biomass generation facilities that use progressively higher annual minimum prescribed levels of HHZ material as feedstock. Specifically, the biomass facilities were required to use a minimum of 40% feedstock from the HHZ in 2016 and grow to 80% in 2018 and all subsequent years. The electric IOUs were required to provide five-year contracts to facilities, with the right to extend the five-year contract term for one year at a time, up to a cumulative total of 10 years so long as HHZ fuel is available at the minimum fuel requirement (80%). The CPUC utilized a renewable auction mechanism (RAM) as a streamlined procurement process.

¹ <https://www.energy.ca.gov/data-reports/california-power-generation-and-power-sources/bioenergy/biomass-energy-california>

SB 859 (Committee on Budget, Chapter 368, Statutes of 2016). SB 859 included a new requirement for electric IOUs and POUs to procure their respective share of 125 MW from existing biomass facilities using prescribed amounts of dead and dying trees located in HHZs as feedstock, with the IOU assigned portion at 96 MW. Specifically, the legislation required that at least 80% of the feedstock of an eligible biomass facility, on an annual basis, must be a byproduct of sustainable forestry management. SB 859 required that at least 60% of the feedstock must come from HHZs. SB 859 required that the procurement costs would be recovered from all customers on a nonbypassable basis.

CPUC Resolution E-4805. In October 2016, the CPUC issued Resolution E-4805 to implement the electric IOU procurement requirements of SB 859. Resolution E-4805 provided that the IOUs could meet their proportionate shares of the 125 MW goal using any combination of: (a) the BioRAM ordered by Resolution E-4770; (b) a subsequent RAM (BioRAM 2) authorized in the Resolution; and (c) bilateral procurement. However, in order to allow procurement under option (b), Resolution E-4805 required the IOUs to create an updated BioRAM 2 standard contract rider. Specifically, BioRAM2 contracts must contain the feedstock requirements established in SB 859, specify that the contract length is five years, required that the contracted facility is an existing bioenergy project that commenced operation prior to June 1, 2013, and update administrative details such as dates, deadlines, and process requirements.

SB 901 (Dodd, Chapter 626, Statutes of 2018). SB 901 required a number of actions to reduce and prevent the risk of wildfires and to address issues associated with electric IOU cost recovery of wildfire damages. SB 901 also included specific provisions related to biomass facilities, including provisions to loosen the requirements on the facilities, such as: revising the HHZ fuel definitions, require BioRAM contracts to include a monthly compliance option with updated reporting and payment. SB 901 also prohibits biomass facilities for the BioRAM to operate in areas of the state with severe or extreme federal air quality designations, and revise default terms.

CPUC Resolution E-4977. In its efforts to implement the changes noted in SB 901, the CPUC adopted resolution E-4977 in January 2019. The resolution notes, collectively, the BioRAM program requires the IOUs to procure 146 MW of qualifying biomass electricity and that 153 MW is currently under contract – 119 MW under BioRAM 1 contracts and 34 MW under BioRAM2.

State Budget allocated \$10 million for Biomass Transportation Subsidy. Transporting fuel and feedstocks to biomass electric generating facilities is one of the main cost drivers that contributes to biomass much higher costs as compared to

other generating resources. To help address transportation fuel costs, the state budget in 2022 allocated \$10 million for a Biomass Transportation Subsidy targeted at post-fire cleanup and new processing capacity.

SB 1109 (Caballero, Chapter 364, Statutes of 2022) extended requirements on electric IOUs and CCAs to procure energy from biomass generating electric facilities by five years and requires extension of existing contracts by five years.

BioRAM Contracts. Pursuant to the Governor's Emergency Order Addressing Tree Mortality, SB 859 and SB 901, the BioRAM program required the large IOUs to procure 146 MW of bioenergy from HHZs to aid in mitigating the threat of wildfires. Since 2016, the IOUs have executed contracts with seven biomass facilities to meet their BioRAM procurement requirements. According to the CPUC website, there are currently six biomass facilities on contracts for a combined total capacity of 154 MW and an average contract price of 12¢/kWh, according to the CPUC's *June 2026 Costs and Savings for the RPS Program* report.

Comments

Need for this bill. According to the author:

California's forests, covering nearly one-third of the state, provide critical environmental, economic, and climate benefits but are increasingly threatened by wildfires, drought, and invasive species. To mitigate these risks, the state has committed to removing forest biomass waste from one million acres annually, generating millions of tons of waste each year. However, without sufficient infrastructure to process this material, much of it is either openly burned or left to decay. Both of these options produce harmful emissions, including methane, a potent greenhouse gas. AB 706 addresses this challenge by establishing the FOREST and Wildfire Prevention Fund, which will promote the sustainable utilization of biomass waste for bioenergy. This initiative will reduce wildfire risks, cut climate and air pollution, and enhance economic opportunities in some of California's most vulnerable regions – all without increasing costs for energy ratepayers.

Biomass energy can play a role in addressing low-value wood waste. The proponents of this bill share that biomass energy plays a key role in addressing the state's wildfire risk. They note that much of the low-value wood waste is likely to burn in pile burns that can increase emissions. They state that numerous wildfire experts and leaders have stated that biomass energy is one of the most important uses for this low-value wood waste. They also point to the recently released

California Wildfire, Forest & Resilience Taskforce's *June 2026 Draft Wildfire and Landscape Resilience Action Plan* which includes various recommendations to address wildfire risks. Among the strategies, the report recommends expanding wood waste utilization, including supporting continued operations of biomass facilities in order to address forest health and reduce the risks of wildfires.

Costs are a challenge for biomass energy procurement. As noted above, biomass energy struggles to compete against other renewable energy resources given their costs often run higher. According to the CPUC's *2026 Padilla Report, Costs and Cost Savings for the RPS Program*, the average price of RPS contracts executed in 2025 was 6.1¢/kilowatt-hour (kWh) compared to 8.4¢/kWh in 2024. This compares to average contract price of existing BioRAM contracts of about 12.0¢/kWh. BioMAT contracts for forest waste feedstock average 19¢/kWh. In previous RPS reports, the CPUC has noted a number of challenges with accessing fuel for biomass facilities, including insufficient supply chain capacity, long hauling distances, and high transportation costs, as well as the need for retrofits of existing facilities. The CPUC has stated: "Overcoming these barriers would require further, possibly substantial, investment and subsidies." The Southern California Public Power Authority reported challenges procuring their member electric POU's proportionate share of the BioRAM procurement requirements including contracts priced 20-30% more than other renewable baseload energy contracts for geothermal and landfill gas.

Using non-ratepayer funds. Unlike existing and previous biomass procurement requirements whose costs are shouldered by electric utility ratepayers, this bill seeks non-ratepayer funds to support biomass energy operations. The bill would, upon appropriation by the Legislature, utilize funding from the TIMBER program or GGRF would be used to reimburse biomass energy facilities that sell electricity beginning January 1, 2027. This approach would be aligned with the Legislature's efforts to address utility bill affordability by not requiring electric utility ratepayers to shoulder the costs. The intent is to help reduce costs for facilities that could make them cost-competitive against other energy resources. However, some caution is warranted as the lack of certainty on the funding could limit the ability for biomass facilities to reduce their price within a contract for their generation. Additionally, eligible facilities include biomass powerplants already operating, as the funding may result in reimbursing for existing operations, including those used to satisfy existing BioRAM procurement. The proponents of this bill intend to support existing and new biomass facilities.

Need for amendments. In order to address concerns about the need to ensure the reimbursement is targeted to reduce wildfire risks and makes clarifying changes, ***the author and committee may wish to amend this bill:***

- *Add criteria to support utilizing feedstock from Tier 1 and Tier 2 HHZ.*
- *Make explicit the forest waste is not from lands that have been clear cut.*
- *Require at least 60% of the forest waste to be from the Tier 1 and Tier 2 HHZ.*
- *Delete definitions of “BioMAT” and “BioRAM” as they are not mentioned in the operative language.*
- *Clarify Public Resources Code §4773.2(b)(3) to require biomass facilities are RPS certified by the California Energy Commission (not retail sellers) and sell electricity to load-serving entities, publicly owned utilities, or rural cooperatives.*
- *Delete language that authorizes electricity sold to an industrial customer within the state.*
- *Delete Public Resources Code §4773.4 as the language is not necessary and replace its reference in Section 4773.3 with §4773.2.*

Dual referral. This bill passed out of the Senate Natural Resources and Water Committee on June 23, 2026, with a vote of 7-0.

Prior/Related Legislation

SB 1062 (Dahle, 2024) contained two related proposals that would have: (1) required the Department of Conservation to develop the Biomass Technology Transition Program to support the conversion of energy generation facilities using biomass and traditional combustion technologies to newer advanced bioenergy technology facilities and proposes related requirements and additional future grant program; and (2) required electrical corporations with 100,000 or more connections and local POUs with 100,000 or more connections to collectively procure, through financial commitments of 15 years, 125 MW of cumulative rated generation capacity from those facilities.

AB 843 (Aguiar-Curry, Chapter 234, Statutes of 2022) authorized CCAs to submit eligible bioenergy projects for cost recovery from electric utility ratepayers, pursuant to the BioMAT program, if open capacity exists within the 250 MW program limit, as specified. The bill was held by the Assembly Appropriations Committee.

SB 1109 (Caballero, Chapter 364, Statutes of 2022) extended requirements on electric IOUs and CCAs to procure energy from biomass generating electric facilities by five years and required extension of existing contracts by five years.

SB 515 (Caballero, 2019) would have expanded the fuels and feedstocks that are eligible to satisfy requirements related to specified contracts for mandated

electricity generation from biomass facilities. The bill was further amended to require a report on available fuel feedstocks. The bill died in the Assembly Committee on Appropriations.

SB 901 (Dodd, Chapter 626, Statutes of 2018) addressed numerous issues concerning wildfire prevention, response and recovery, including provisions related to biomass operations and electricity procurement.

SB 840 (Committee on Budget and Fiscal Review, Chapter 341, Statutes of 2016) expedited transmission interconnections for specified bioenergy or biomass projects in order to give them first priority to commence operations over other renewable energy resources.

SB 859 (Senate Budget and Fiscal Review, Chapter 368, Statutes of 2016) required retail sellers of electricity to purchase a total of 125 MW of power from biomass facilities that generate electricity from forest materials removed from specific high fire hazard zones, as designated by CAL FIRE in the Governor's Proclamation of a State of Emergency issued October 30, 2015.

SB 1122 (Rubio, Chapter 612, Statutes of 2012) required the development of 250 MW of small-scale bioenergy projects using organic waste, including at least 50 MW from forest waste removed for wildfire mitigation or restoration, creating the BioMAT program.

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

SUPPORT:

3point.xyz

American Forest Resource Council

Anchor Pointe, LLC

Associated California Loggers

Association of California Water Agencies

BBW and Associates, Inc.

Blue Mountain Electric Company

Boos & Associates

BurnBot, Inc.

Cal Fire Local 2881

California Association of Resource Conservation Districts

California Biomass Energy Alliance

California Building Industry Association

California Community Choice Association

California Farm Bureau
California Forestry Association
California Licensed Foresters Association
California State Association of Counties
Coalition of California Utility Employees
Country Squire Investments INC
County of Fresno
Feather River Resource Conservation District
Forest Landowners of California
Forest Products Industry National Labor Management Committee
Independent Energy Producers Association
Jefferson Resource Company
Kodama Systems, Inc.
Mooretown Rancheria of Maidu Indians of California
Mountain Counties Water Resources Association
National Alliance of Forest Owners
National Association of Mutual Insurance Companies
New California Coalition
Personal Insurance Federation of California
Pioneer Community Energy
Placer County Water Agency
Resource Conservation District of Tehama County
Round Valley Indian Tribes
Rural County Representatives of California
Rural Voices for Conservation Coalition
San Joaquin Valley Manufacturing Alliance
Sierra Business Council
Sierra Institute for Community and Environment
Siskiyou Economic Development
Sugar Pine Consulting LLC
Tahoe Fund
The Forestry and Fire Recruitment Program
The Nature Conservancy
TSS Consultants
Watershed Center
Yuba Water Agency

OPPOSITION:

Center for Biological Diversity
Natural Resources Defense Council
Sierra Club California

ARGUMENTS IN SUPPORT: The coalition of organizations in support of this bill state:

California’s wildfire crisis demands a more comprehensive strategy to reduce hazardous fuels, restore forest resilience, and support post-fire recovery across millions of acres of forested land. While the state has set ambitious goals for landscape-scale treatment, these efforts also create millions of tons of low-value forest biomass, including dead trees, damaged timber, and other debris left behind after severe wildfires. ...Without sufficient processing and utilization options, post-fire biomass is commonly piled, openly burned, left to decay, or abandoned on the landscape, which can delay reforestation, increase future fuel loads, and release harmful emissions and short-lived climate pollutants. Expanding bioenergy capacity is therefore an important part of post-fire recovery because it creates a reliable outlet for otherwise low-value material...and converts excess biomass into clean, dependable energy.

ARGUMENTS IN OPPOSITION: The Center for Biological Diversity and Sierra Club state:

AB 706 would establish a state fund for a program to “support” the procurement and transport of 15 million tons per year of forest biomass to BioMAT and BioRAM power plants. This program is likely to be expensive for taxpayers because forest biomass procurement and transport is costly. It involves cutting down, extracting, and chipping trees and other forest vegetation, and trucking it—often long distances—to biomass power plants where it’s burned to make electricity. BioMAT and BioRAM electricity is expensive for Californians, who will shoulder the costs. Burning trees is an inefficient, expensive, and dirty way to make electricity. The BioMAT and BioRAM programs require utilities to buy biomass electricity at high prices that are passed down to California customers in higher electricity bills.

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