
THIRD READING

Bill No: AB 2476
Author: Ellis (R)
Amended: 4/27/26 in Assembly
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 16-0, 6/8/26

AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Ashby, Becker, Caballero,
Dahle, Gonzalez, Grove, McNerney, Reyes, Richardson, Rubio, Strickland,
Wahab

NO VOTE RECORDED: Hurtado

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 77-0, 5/14/26 (Consent) - See last page for vote

SUBJECT: Electricity: integrated resource plans: Department of Water
Resources: procurement

SOURCE: Rye Development, LLC

DIGEST: This bill eliminates the requirement that a pumped storage hydroelectric facility be directly appropriated funding by the state before January 1, 2023, in order for the Department of Water Resources (DWR) to procure resources from the facility as part of the central procurement function.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations.
(Article 12 of the California Constitution)

- 2) Establishes the DWR to manage the state's water supply. (Water Code §100 *et seq.*)
- 3) Requires the CPUC, in consultation with the California Independent System Operator (CAISO), to establish resource adequacy (RA) requirements for all load-serving entities (LSEs), including community choice aggregators (CCAs) and electric service providers (ESPs). Requires the RA program to achieve certain objectives, including maximizing the ability of CCAs to determine the generation resources used to serve their customers. (Public Utilities Code §380)
- 4) Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Public Utilities Code §451)
- 5) Requires the CPUC to identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner as part of the integrated resource planning (IRP) process. (Public Utilities Code §454.51)
- 6) Requires the CPUC to adopt a process for each electrical corporation, ESP, or CCA to file an IRP and a schedule for periodic updates to the plan, and to ensure that LSEs meet other specified requirements. (Public Utilities Code §454.52)
- 7) Requires the CPUC to determine if there is a need for the procurement of eligible energy resources, requires the CPUC to specify the eligible energy resources that should be procured to meet that need, and authorizes the CPUC, within six months of making that determination, to request the DWR to procure those specified resources that meet the portfolio of resources, as specified. (Public Utilities Code §454.52 (a)(4)(B)(C))
- 8) Authorizes the DWR to procure those resources specified by the CPUC request only before January 1, 2035. (Public Utilities Code §454.52 (a)(4)(D)(E))
- 9) Provides that eligible energy resources procured by DWR meets all the following requirements:
 - i) The resource directly supports attainment of the state's goal to achieve 100% zero-carbon and renewable energy resources by 2045, without increasing reliance on the state's dependence on any fossil fuel-based resources.

- ii) The CPUC determines the resource to not be under contract at sufficient levels as shown in LSEs' most recent individual IRPs submitted to and reviewed by the CPUC to achieve SB 100 (De León, Chapter 312, Statutes of 2018) goals.
 - iii) The resource has a construction and development lead time of at least five years.
 - iv) The resource does not generate electricity using fossil fuels or fuels derived from fossil fuels.
 - v) The resource does not use combustion to generate electricity (except ancillary and necessary to facility geothermal electricity generation). (Public Utilities Code §454.52 (h)(1))
- 10) Authorizes a pumped hydroelectric facility to qualify as an eligible energy resource if it does not exceed 500 megawatts (MW) and has been appropriated funding by the state before January 1, 2023. (Public Utilities Code §454.52 (h)(2))
- 11) Establishes the policy of the state that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of all retail sales of electricity to California end-use customers by December 31, 2040, 100% of all retail sales of electricity to California end-use customers by December 31, 2045. (Public Utilities Code §454.53)
- 12) Establishes a renewables portfolio standard (RPS) and requires all retail sellers, including investor-owned utilities (IOUs), ESPs, and CCAs, to procure a minimum quantity of electricity products from eligible renewables energy resources, as defined, so that total kilowatt hours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 44% by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. (Public Utilities Code §399.15)
- 13) Establishes the Electricity Supply Strategic Reliability Reserve Program (ESSRRP) and Fund at the DWR that continuously appropriates moneys in the fund to DWR for purposes of implementing projects, purchases, and contracts for the purchase of electricity from resources to support summer reliability. (Water Code §80700 et seq.)

This bill eliminates the requirement that a pump hydroelectric facility be directly appropriated funding by the state before January 1, 2023, in order for the DWR to

procure resources from the facility as part of the central procurement function authorized by AB 1373 (E. Garcia, Chapter 367, Statutes of 2023).

Background

Authorizing DWR to provide a central procurement function. AB 1373 authorized DWR to procure eligible energy resources meeting specified criteria to be procured by DWR if the CPUC makes a request. Namely, the language prohibits resources that are derived from fossil fuels, or would increase dependence on fossil-fueled resources, and prohibit any resource that uses combustion (except if it is ancillary to the production of geothermal energy). AB 1373 also explicitly authorized DWR to procure pumped storage hydroelectricity resources that are 500 MW or less and have received state funding. The language at the time was intended to capture the San Vicente Reservoir project which received funding in the 2021 State Budget.

As part of the process to authorize DWR to procure eligible resources, the CPUC must determine that the resource is not under contract at sufficient levels to meet the state's clean energy goals and has a construction and development lead time of at least five years. During passage of AB 1373, it was understood that, at a minimum, offshore wind, geothermal energy resources, and pumped hydroelectricity energy storage project at San Vicente Reservoir of up to 500 MW would be among the eligible resources DWR could procure.

Comments

Need for this bill. According to the author:

AB 2476 is designed to enhance the state's existing central procurement program by permitting the procurement of pumped-storage hydro (PSH) as an eligible zero carbon resource available to the program. Under the initial program PSH was limited. PSH is a reliable, cost-effective, long-duration storage clean energy option that also diversifies the state's energy resources.

CPUC request to DWR for central procurement function. Since AB 1373 was chaptered the central procurement function has been exercised only as the CPUC has made a request to DWR. In August 2024, the CPUC issued a decision (D. 24-08-064) as part of the IRP process, determining the need for centralized procurement of long lead-time resources. The decision aimed to make it easier to secure diverse clean energy resources through a central entity, such as the DWR. The decision determined a need for centralized procurement activity by DWR for

long duration energy storage (12+ hours duration), long duration energy storage of multiple day duration, geothermal, and offshore wind (these amounts are noted in the table below). Subsequently, in February 2025, then-CPUC President Alice Reynolds sent a letter to DWR as a procurement request to DWR to initiate its central procurement function citing D. 24-08-064 and the authority provided by AB 1373, and the specific resources and timelines. The letter stated: “I expect DWR SWEQ [Statewide Energy Office] will conduct solicitations and carefully evaluate the quality of the bids received, including cost containment and ratepayer risk provisions, and that DWR SWEQ may procure in amounts between zero and the upper limits established in this decision [D.24-08-064].” The letter further encouraged DWR to follow the recommended timeline. There is ongoing work to determine how best to stand up the central procurement function which would then enable potential solicitations for energy storage (both multi-day and 12+ hours duration) later this year should DWR seek to procure the resources.

Resource Type	Maximum Quality	Solicitations Beginning in	Online By
Long Duration Energy Storage: 12+ hours duration	1 Gigawatt (GW)	2026	2031-2037
Long Duration Energy Storage: multiple day duration	1 GW	2026	2031-2037
Geothermal	1 GW	2027	2031-2037
Offshore Wind	7.6 GW	2027	2035-2037

Desire to expand eligible projects. This bill would expand the list of eligible hydroelectric energy storage (pumped storage) projects that could be considered by DWR should it exercise the central procurement function. This bill would explicitly remove the requirements that only a pumped storage project that received state funding could be eligible, while retaining the 500 MW cap. In this regard, the San Vicente Reservoir project would no longer be the only project eligible for this procurement. The supporters of this bill include project proponents for at least two other existing pumped storage project efforts, Bison Peak (480 MW) in the Tehachapi Mountains and GreenGen’s Mokelumne Pumped Storage Project (400 MW) in Amador and Calaveras Counties. Other known projects that may become eligible, depending on their viability, are the Swan Lake North Pumped Storage Project (393 MW) in Klamath County and LEAPS project (500 MW) in Lake Elsinore in Riverside County. At the time AB 1373 was being considered, some stakeholders opposed the bill’s proposal to limit the generation

resources eligible for central procurement by DWR. With regards to pumped storage, there were many concerns about making more controversial projects eligible – specifically a long-sought project, Eagle Mountain (1200 MW) pumped storage project near Joshua Tree National Park. Additionally, other resource types sought to be included among the eligible types of projects. This bill would expand the eligibility to other pumped storage projects, which could also invite additional efforts by stakeholders wishing to have other energy resources become eligible for DWR procurement.

Cost protections. Authorizing DWR to procure energy can have the unintended effect of reducing supply in the energy market and increasing prices overall (particularly in the currently constrained energy market). However, adding more eligible resources can also provide additional competition for DWR procurement should it be needed. When AB 1373 was being considered, there was much concern about the use of a central procurement function which could have unintended consequences of affecting the behavior of market participants, including LSEs, electric POUs, and generators, who may elect to delay procurement transactions so as to position themselves for procurement by DWR. Or behavior changes by project developers who might prefer the opportunity to negotiate a contract with DWR rather than cobbling contracts among LSEs. AB 1373 attempted to address these challenges by limiting resources to those noted above, including those with at least a five-year construction and development horizon – therefore a resource that is less likely to be procured in the current market. The bill also provided an added safeguard that required the CPUC to determine whether the procurement by DWR (including any bonds) is just and reasonable prior to the procurement, and if so, recoverable by a nonbypassable charge on customer's electric utility bills. DWR procurement would be an additional costs on customers' current electric utility bills, though it's unclear to what extent these would be less than, or more than, what would otherwise be procured to meet the state's clean energy and reliability goals. This bill does not alter these requirements.

Prior/Related Legislation

AB 1373 (E. Garcia, Chapter 367, Statutes of 2023) made numerous changes to electricity policy, most notably, authorized the DWR to serve as a central procurement entity to procure energy resources in order to help the state meet its renewable and zero-carbon energy resources and reliability goals should the CPUC identify a specific procurement need and make a request of DWR.

SB 123 (Committee on Budget, Chapter 52, Statutes of 2023) extended the date, from September 2022 to October 2023, by when electric IOUs may be reimbursed for above-market costs for imported energy and capacity products delivered or capable of being delivered to the state within the ESSRRP.

SB 124 (Committee on Budget, Chapter 53, Statutes of 2023) extended the date, from September 2022 to October 2023, by when electric IOUs may be reimbursed for above-market costs for imported energy and capacity products delivered or capable of being delivered to the state, clarified that DWR must present an investment plan to the CEC, rather than the contracts, and makes additional clarifying changes of the ESSRRP.

AB 205 (Committee on Budget, Chapter 61, Statutes of 2022) established the ESSRRP, among its many provisions.

AB 209 (Committee on Budget, Chapter 251, Statutes of 2022) made additional changes to the ESSRRP, established the Voluntary Offshore Wind and Coastal Resources Protection Program, among its many energy-related provisions.

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

SUPPORT: (Verified 6/23/26)

Rye Development, LLC (Source)
Agricultural Energy Consumers Association
EDF Power Solutions
GreenGenStorage LLC

OPPOSITION: (Verified 6/23/26)

None received

ARGUMENTS IN SUPPORT: EDF power solutions states:

PSH [pumped storage hydroelectricity] is proven technology deployed throughout the globe that provides reliable long duration energy storage that shifts and shapes load without emitting greenhouse gasses. According to the US Department of Energy, PSH comprises 88 percent of utility scale energy storage output, and 44 percent of nameplate capacity, in the United States. California is a world leader in clean energy innovation and deployment, including energy storage. Integrated resource planning efforts now reflect a growing need for

energy storage with durations of 8 hours or more, reflecting a clear role for PSH. Despite its potential and proven reliability, current law effectively limits eligibility for DWR centralized procurement to one project. AB 2476 would make a minor change to statute to allow more PSH projects to qualify for potential procurement.

ASSEMBLY FLOOR: 77-0, 5/14/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Flora, Celeste Rodriguez

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6/24/26 16:35:07

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