

Date of Hearing: January 15, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

AB 34 (Patterson) – As Amended January 5, 2026

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

SUMMARY: This bill extends an existing Renewables Portfolio Standard (RPS) exemption for publicly owned utilities (POUs), permitting their existing large hydroelectric resources meet RPS requirements beyond 2030.

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 under the California RPS Program that retail sellers and local POUs 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, to 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, 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 RPS 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 (i.e., the California Energy Commission (CEC)) to establish appropriate multiyear compliance periods for local POUs beyond December 31, 2030. (Public Utilities Code § 399.30(c)(2))

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Assembly Committee on Appropriations for its review. The Senate Committee on Appropriations identified no fiscal impact from similar provisions contained in AB 1273 (Patterson, 2025).

BACKGROUND:

California's RPS Program. Enacted by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California's RPS establishes increasing renewable energy procurement targets spanning multiple years – known as “compliance periods” – for the state's electric load-serving entities (LSE). Originally applicable to retail sellers, the statewide mandatory RPS was expanded by Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) to include local POUs.

SB 100 (De León, Chapter 312, Statutes of 2018) established the state policy that renewable and zero-carbon resources should supply 100% of retail sales and electricity procured in the state by 2045. This policy was updated under SB 1020 (Laird, Chapter 361, Statutes of 2022) which established interim targets of 90% by 2035 and 95% by 2040 for all LSEs (except state agencies).

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.

Driven by the RPS Program, California has progressed in decarbonizing its energy sector. Today, the majority of the state's electricity mix is zero-carbon resources.¹ Solar energy has been the dominant source, with its growth largely attributed to cheaper prices and California's abundant solar capacity. However, as solar generation increases in California, the mismatch between when energy is generated and when it is needed poses challenges for grid stability and operation. As a result, California's retail electric providers often need to purchase electricity to separately serve RPS and reliability compliance (capacity) obligations.

COMMENTS:

- 1) *Author's Statement.* According to the author, “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.”
- 2) *Counting Large Hydroelectric Generation.* According to the CEC, in 2024, total generation for California was 278,338 gigawatt-hours (GWh).² Approximately 62% was due to zero-carbon generation (nuclear, hydroelectric, and renewables); while 11% was due solely to large hydro generation. California's RPS program, and other energy programs predating RPS, have distinguished between smaller and larger hydroelectric facilities as those that are either at or below (small) or over (large) 30 MW – enough electricity to power nearly 30,000 households. These distinctions have reflected state policy concerning natural river habitats, which discourage more damming of rivers, as

¹ 62% as of 2024; see <https://www.energy.ca.gov/data-reports/energy-almanac/california-electricity-data/2024-total-system-electric-generation>

² *Ibid.*

well as state policy which encourages the development of new, alternative renewable energy projects.

The current RPS program, however, includes an exemption for POUs that generate more than 40% of their electricity each year from existing (pre-2018) large hydroelectric sources. For those POUs, they need only procure renewable energy up to the retail sales unserved by large hydroelectric generation. (i.e., for a POU with 99% of retail sales served by large hydro, their RPS obligation would only be 1% of retail sales.)

As currently written, this statutory exemption applies only to the RPS compliance periods through 2030. After 2030, statewide policy transitions to the SB 100 goals – i.e., 100% zero-carbon by 2045, made up of 60% renewable resources and 40% zero-carbon resources. Statute directs the CEC to determine the POU compliance periods for all subsequent years beyond 2030 but does not extend the POUs' large hydroelectric exemption to cover these subsequent years.

This gap affects a small group of POUs who source much of their renewable energy from large hydroelectric generation. The City of Palo Alto Utilities (CPAU) is one of the POUs negatively affected by expiration of this exemption. Their analysis estimates it will cost CPAU roughly \$25 million from 2030-2045 in excess renewable energy procurement, to replace retail sales currently served by their large hydroelectric resources. This bill would clarify that the current exemption continues beyond the 2030 date to include future compliance periods.

- 3) *AB 1273 (Patterson, 2025) and the Governor's Veto.* In July of last year, the author included the same statutory amendment in his AB 1273, a bill focused on Public Utilities Commission (CPUC) public comment practices. AB 1273 (Patterson, 2025) advanced to Governor Newsom's desk with both the CPUC reform provisions and the POU RPS provisions included. The Governor vetoed AB 1273 due to concern with the CPUC provisions, but stated in his veto message that "the clarification of eligibility for electric POUs under the RPS deserves attention."³ This bill narrows the earlier effort in AB 1273 to focus solely on that RPS provision.
- 4) *Prior Legislation.*

AB 1191 (Tangipa, 2025) includes large hydroelectric generation resources as eligible renewable resources in the RPS Program. Deletes current allowances to RPS eligibility for specified, legacy large hydro or upgraded small hydro resources. Status: Failed passage in the Assembly Committee on Utilities and Energy; reconsideration granted.

AB 1273 (Patterson, 2025) would have changed the CPUC rules regarding items eligible for the consent agenda and public comment periods for rate setting cases. The bill would have also changed the eligibility of RPS compliance for local publicly owned electric utilities (POUs) who have existing large hydroelectric resources. Status: Vetoed.

SB 386 (Caballero, 2020) would have limited the RPS obligations for Turlock and Modesto Districts to the electricity demands that are unsatisfied by the Don Pedro

³ file:///C:/Users/shybutla/Downloads/202520260AB1273_Assembly%20Floor%20Analysis.pdf

Hydroelectric Project, and in exchange requires the districts to procure energy storage, as specified. Status: Died – Senate Committee on Energy, Utilities, and Communications.

SB 100 (De León) 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. Status: Chapter 312, Statutes of 2018.

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

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

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

- 5) *Double Referral.* This bill is double referred. Upon passage in this committee, it will be referred to the Assembly Committee on Natural Resources for its review.

REGISTERED SUPPORT / OPPOSITION:

Note: This bill was significantly amended on January 5th. Position letters currently on file are in reference to the previous version of the bill, which is unrelated to its current policy.

Support

None on file.

Opposition

None on file.

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