

Date of Hearing: January 16, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

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

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

SUMMARY: Extends existing provisions of the Renewables Portfolio Standard (RPS) that permit a proportional reduction in RPS requirements for publicly-owned utilities (POUs) with large (over 30 megawatts) hydroelectric resources in excess of 40% of retail electricity sales, so that these provisions apply beyond 2030.

EXISTING LAW:

- 1) Requires utilities and other retail sellers of electricity to procure 60% of their retail electricity sales from eligible renewable energy resources by 2030 and thereafter. (Public Utilities Code (PUC) 399.11 *et seq.*)
- 2) Provides that a local POU is not required to procure eligible renewable energy resources in excess of retail electricity sales unmet by large hydroelectric generation under an ownership agreement or contract in effect as of January 1, 2018. This provision applies to specified compliance period through December 31, 2030. (PUC 399.30(k)(2))
- 3) Authorizes the California Energy Commission (CEC) to establish appropriate multiyear compliance periods for local POUs beyond 2030. (PUC 399.30(c)(2))
- 4) Defines “eligible renewable energy resource” as an electrical generating facility that uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, subject to multiple conditions. (Public Resources Code 25741)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **Background.** Since 2013, the RPS statute has accommodated POUs that may have existing large hydroelectric resources in excess of the fraction of RPS-eligible resources the POU would otherwise be required to procure, saving these POUs from having to procure renewable resources not needed to serve their customers in order to comply with the RPS.

This accommodation has been modified a couple times as the RPS has been amended, most recently by SB 100 in 2018, which established the current RPS targets – ultimately 60% by 2030 and thereafter.

Under SB 100, a POU that owns, or has a pre-2018 contract for, large hydroelectric resources in excess of 40% of retail sales may reduce proportionally its 60% RPS procurement obligation. This does not make large hydro eligible for the RPS, but it does effectively reduce

the requirement to procure RPS-eligible resources for a few smaller POUs in Northern California. The most prominent example is the City of Palo Alto, which in 2024 reported 59% of its retail electricity sales were sourced from large hydro. Other city POUs that have been near the 40% mark in recent years include Biggs, Gridley, and Redding. Most of the large hydro in these POUs' portfolios is from longstanding contracts with the federal Western Area Power Administration for hydroelectricity generated by Central Valley Project. These contracts continue beyond 2030.

2) Author's statement:

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.

3) Prior legislation:

SB 591 (Cannella), Chapter 520, Statutes of 2013. Following increased RPS targets established in 2011, SB 591 limited the RPS procurement obligations of the Merced Irrigation District (MID) to the portion of MID's electricity demands unsatisfied by its own hydroelectric generation.

SB 350 (De León), Chapter 547, Statutes of 2015. SB 350 increased the RPS to 50% and expanded the MID provisions to apply to any POU with large hydro in excess of 50%.

SB 100 (De León), Chapter 312, Statutes of 2018. SB 100 increased the RPS to 60% and adjusted the POU large hydro exception to 40%.

AB 1273 (Patterson, 2025) primarily prohibited the Public Utilities Commission from placing certain rate increase items on its consent calendar, but a provision identical to this bill was added in the Senate. AB 1273 was vetoed due to the former provision.

4) Double referral. This bill was heard and approved by the Utilities and Energy Committee on January 15, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

Northern California Power Agency

Opposition

None on file

Analysis Prepared by: Lawrence Lingbloom / NAT. RES. /