

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

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

Policy Committee:	Utilities and Energy	Vote:	15 - 0
	Natural Resources		12 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill extends indefinitely provisions of existing statute that allow a publicly owned utility (POU) to reduce its periodic obligation to procure electricity generated from renewable resources in proportion with the amount of electricity it receives from pre-existing hydroelectric resources.

FISCAL EFFECT:

This bill will likely create some workload for the California Energy Commission (CEC), which statute tasks with accounting compliance with the state's Renewable Portfolio Standard (RPS). While the amount of this workload is unknown, it seems reasonable to assume it will be minor and that CEC could absorb it within existing resources.

COMMENTS:

The RPS statute requires each retail seller of electricity, such as an electric utility, to procure 20% percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, 33% by December 31, 2020, 50% by December 31, 2026, and 60% by December 31, 2030. Statute defines the types of electricity generation facilities that are eligible for credit under the RPS. These facilities include those that generate electricity using renewable resources, such as solar energy and wind energy, among others. Statute also makes eligible for RPS credit electricity generated by a hydroelectric facility, but only if the facility has a generation capacity of 30 megawatts or less.

The Legislature established this limitation in recognition of the environmental harms caused by large hydroelectric facilities and to encourage the development of renewable energy resources other than large hydroelectric facilities. However, the limitation created a problem for several of the state's smaller POUs that relied on large, legacy hydroelectric facilities for significant portions of the electricity used in their respective service territories. Such a POU was faced with the prospect of procuring additional electricity simply to comply with the POU's RPS obligations, even though the POU had received much of its electricity from a greenhouse-gas (GHG)-free generation resource, the existence of which predated the RPS. Many parties objected to such an outcome, noting that it placed a cost on these POUs' ratepayers without reducing electricity-generation-related GHG emissions.

In response, in 2018, the Legislature passed a law to allow a POU that 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, to reduce its RPS procurement obligation in proportion to that

hydroelectric generation. For example, a POU that received 45% of its electricity from a larger pre-2018 hydroelectric facility in 2026 would need procure only 15% of its retail sales of electricity from RPS-eligible electricity generation resources.

The law makes this exemption effective during any year within a compliance period set forth in statute. However, the last compliance period set forth in statute is January 1, 2028, to December 31, 2030. So, the statutory exemption for POU large hydroelectric generation ends in 2031. This bill, by tying the exemption to “all other compliance periods” makes the exemption, in effect, permanent.

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