

ASSEMBLY THIRD READING
AB 34 (Patterson)
As Amended January 5, 2026
Majority vote

SUMMARY

Extends, beyond 2030, existing provisions of the Renewables Portfolio Standard (RPS) that allow certain publicly owned utilities (POUs) with large hydroelectric resources to reduce their RPS obligations, as specified.

Major Provisions

COMMENTS

The RPS statute requires each retail seller of electricity, such as an electric utility, to procure 20% 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, including solar and wind energy, among others. Statute also makes generated by a hydroelectric facility RPS-eligible, but only if the facility has a generation capacity of 30 megawatts (MW) or less.

Since 2013, the RPS statute has accommodated POUs that have existing large hydroelectric resources (>30 MW) in excess of the fraction of RPS-eligible resources the POU would otherwise be required to procure. For example, a POU that received 45% of its electricity from a larger hydroelectric facility in 2028 would need to procure only 15% of its retail sales of electricity from RPS-eligible electricity generation resources.

This accommodation 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 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.

This accommodation has been modified a couple times as the RPS has been amended, most recently by SB 100 (De León), Chapter 312, Statutes of 2018, which established the current RPS targets – ultimately 60% by 2030 and thereafter.

Current 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.

According to the Author

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."

Arguments in Support

The Northern California Power Agency (NCPA) writes in support of the bill, characterizing the measure as protecting ratepayers. NCPA notes "without AB 34, those utilities would be forced to purchase additional renewable resources they do not need, driving millions in unnecessary costs to ratepayers." NCPA also notes that the measures "simply continues existing law" [beyond 2030].

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, this bill will result in some workload at the California Energy Commission; but that it "seems reasonable to assume [the work] will be minor."

VOTES**ASM UTILITIES AND ENERGY: 15-0-3**

YES: Petrie-Norris, Patterson, Boerner, Chen, Mark González, Harabedian, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

ABS, ABST OR NV: Calderon, Davies, Hart

ASM NATURAL RESOURCES: 12-0-1

YES: Bryan, Alanis, Connolly, Patterson, Garcia, Haney, Hoover, Kalra, Muratsuchi, Schultz, Wicks, Zbur

ABS, ABST OR NV: Pellerin

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Stefani, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Bauer-Kahan, Pacheco, Pellerin, Solache, Ta, Tangipa

UPDATED

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