Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1350 (McNerney) – As Amended June 23, 2026

Policy Committee:	Utilities and Energy	Vote:	18 - 0
	Natural Resources		14 - 0

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

SUMMARY:

This bill defines a facility that converts hydrogen gas to electricity in a turbine as a renewable electrical generation facility for purposes of eligibility under the existing statutory Renewables Portfolio Standard (RPS) Program, if certain conditions are met.

More specifically, this bill, among other things, for purposes of the RPS Program, defines as a renewable electrical generation facility a facility that converts hydrogen gas to electricity in a turbine if, among several other criteria, the hydrogen used in the turbine is derived from either (a) an eligible renewable resource, as defined in existing law, or (b) through the electrolysis of water, and exclusively uses electricity generated from another renewable electrical generation facility.

FISCAL EFFECT:

This bill makes several new requirements of the California Energy Commission (CEC), including:

1) Making determinations about the technical capacity of an eligible renewable electrical generation facility's turbine to use hydrogen fuel to achieve measurable reductions in greenhouse gas (GHG) emissions.

2) Specifying information a facility is to submit to the CEC regarding hydrogen production.

3) Determining whether the manufacturing of hydrogen results in "resource shuffling" (that is, swapping power sources to make it inaccurately appear as though electricity generation reduces GHG emissions).

4) Accepting from a facility confirmation from the air quality management district or air pollution control district that the combustion of hydrogen will not increase the oxides of nitrogen emissions rate from the turbine compared to the combustion of natural gas in the turbine.

Costs to the CEC to perform these functions, and to perform related analytical, regulatory and administrative actions, will likely require resources the mid to high hundreds of thousands of dollars annually (Energy Resources Program Account (ERPA)). In the recent past, the CEC has warned that the ERPA, the CEC's main funding source, faces a structural deficit and may not be able to accommodate additional costs.

COMMENTS:

Existing law requires every load serving entity (LSE)—electric utilities and the like—to procure progressively greater proportions of electricity from renewable electrical generation facilities so that, by the end of 2030, at least 60% of total retail sales of electricity in California come from such facilities. This is known as the RPS.

Statute charges the CEC with certifying an electrical generation facility as a renewable electrical generation facility, the electricity from which may count towards an LSE's RPS obligation. Statute defines a facility that may be an eligible renewable electrical generation facility under the RPS Program as one that, among other things, 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.

California has recognized a role for hydrogen, especially hydrogen produced solely from non-GHG-emitting resources, in enabling the state to meet its ambitious clean energy goals. Nonetheless, the statutory list of potentially RPS-eligible renewable electrical generation facilities does not include one that uses hydrogen gas, even if the hydrogen is produced using electricity that, itself, was generated by an RPS-eligible renewable electrical generation facility ("renewable" hydrogen). Nor does the list include a turbine that generates electricity by burning hydrogen gas, regardless of how the hydrogen was generated.

In response to significant federal funding (since cancelled) and federal production tax credits (largely still available), several projects have begun development in California to produce hydrogen using RPS-eligible electricity resources. One such project is in Lancaster in Los Angeles County. Project developer Element Resources Inc. urges a statutory change to allow "renewable" hydrogen to qualify for RPS eligibility, asserting that such a change will "enable Element Resources to provide substantial renewable hydrogen to help the State meets its climate goals."

Critical to projects such as that being developed by Element Resources is the ability to sell hydrogen, or electricity generated from the burning of hydrogen, to LSE's seeking to fulfill their RPS obligations. The proposed change to the RPS program, and the bill, is supported by the hydrogen industry, as well as the State Building and Construction Trades Council of California.

In contrast, several environmental advocacy organizations oppose the bill, which together assert the bill "will have negative consequences for public health" and that inclusion of hydrogen as RPS-eligible "threatens to disrupt this transition by providing a new incentive for fossil-fueled power plants," warning that "Combustion turbines emit nitrogen oxides (NOx) regardless of whether they burn hydrogen or methane."

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