Office of Senate Floor Analyses
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THIRD READING

Bill No: SB 952
Author: Laird (D)
Amended: 3/17/26
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 17-0, 4/13/26
AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Becker, Caballero, Dahle, Gonzalez, Grove, Hurtado, McNerney, Reyes, Richardson, Rubio, Stern, Strickland, Wahab

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: State Water Project: renewable energy resources and zero-carbon resources

SOURCE: State Water Contractors

DIGEST: This bill authorizes the State Water Project (SWP), beginning on January 1, 2036, to apply excess procurement of eligible renewable energy resources and zero-carbon resources in one year to any subsequent year's obligation.

ANALYSIS:

Existing law:

1) Establishes it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of all retail sales of electricity to California end-use customers by December 31, 2040, 100% of all retail sales of electricity to California end-use customers by December 31, 2045, and 100% of electricity procured to serve all state agencies by December 31, 2035, including the SWP. (Public Utilities Code §454.53)

2) Requires the Department of Water Resources (DWR) to procure eligible renewable energy resources and zero-carbon resources to satisfy those obligations imposed on the State Water Resources Development System, commonly known as the SWP, pursuant to that policy. Requires DWR, in conducting procurement, to consider specified factors and requires that all resources procured be used first to meet the DWR's own electricity needs. (Water Code §80400)

3) Designates the California Air Resources Board (CARB), via the California Global Warming Solutions Act of 2006, as the state agency responsible for monitoring and regulating sources emitting greenhouse gases (GHGs). Requires CARB to prepare and approve a scoping plan for achieving reductions in GHG emissions and to update the scoping plan at least once every five years. Requires CARB to conduct a series of public workshops to give interested parties an opportunity to comment on the plan. (Health and Safety Code §38561)

This bill:

1) Defines "excess procurement of eligible renewable energy resources and zero-carbon resources" to mean procurement of eligible renewable energy resources and zero-carbon resources in one year that exceed 100% of the annual retail sales in the same year for the DWR and State Water Resources Development System and for which all environmental and renewable attributes associated with the procurement are retired and not transferred or resold.

2) Requires the DWR, in conducting procurement, to consider portfolio diversity, resource type, location, and hours of typical peak operation.

3) Authorizes, on and after January 1, 2036, excess procurement, as defined, of eligible renewable energy resources and zero-carbon resources in one year to be applied to any subsequent year's obligation to meet the policy of the state that the SWP meet 100% of electricity procured by December 31, 2035, with eligible renewable energy and zero-carbon energy resources.

Background

SB 100 (De León, Chapter 312, Statutes of 2018). SB 100 established the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50% by 2030 to 60% and created 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. SB 100 also required CARB, California Energy Commission (CEC), and California Public Utilities Commission (CPUC) to issue a joint report by January 1, 2021, and at least every four years, that describes technologies, forecasts, affordability, and system and local reliability. The report is required to include an evaluation of costs and benefits to customer rate impacts, as well as barriers to achieving the SB 100 policy. The first Joint Agency report was issued in January 2021 and identified the SWP as the largest consumer of electricity in the state (representing roughly 2% of the state's load).

SB 1020 (Laird, Chapter 361, Statutes of 2022) clean energy goals. SB 1020 revised state policy to include interim targets to reach SB 100 goals, specifically to provide that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, and 95% of all retail sales of electricity to California end-use customers by December 31, 2040. SB 1020 also required each state agency to ensure that zero-carbon resources and eligible renewable energy resources supply 100% of electricity procured to serve their agency by December 31, 2035. SB 1020 applied the interim targets to the SWP.

State Water Project (SWP). The SWP, operated by the DWR, is both a major producer and consumer of electricity. As the largest single consumer of electricity in California, the SWP pump load ranges from six million megawatt hours (MWh) to 9.5 million MWh depending on the type of water year (dry, average, wet). The electricity is used to operate the SWP pumping plants, which are needed to deliver water throughout the state. According to their website: DWR has been proactively responding to the evolving power market by reducing reliance on fossil fuel energy resources, assisting in maintaining grid reliability, and controlling energy costs for water customers, with 50% of the SWP's power provided by its own emission-free hydroelectric generation. The SWP has a power portfolio consisting of 65% carbon-free resources, increasing to 75% by 2030 and 100% by 2045. With the passage of SB 1020, the goal has been adjusted to achieve 100% carbon-free resources by 2035. DWR is adding solar to the system to achieve these goals. SB 1020 required the SWP to enter into new energy procurement contracts to meet the procurement goals. The bill required the renewable energy and zero-carbon resources fulfill the SWP energy use to meet the goals, and secondarily, be available to help other state agencies meet their procurement requirements.

Based on information on its website, the SWP has the following clean energy projects contracted:

- Solar active contracts in operation total 175.5 megawatts (MW) of capacity and 487 gigawatt-hours (GWh) of energy:

    - DWR-SWP has secured Power Purchase Agreements for multiple solar projects. These projects provide renewable energy while helping to reduce GHG emissions. Some examples include:

        - RE Camelot Solar Project (45 MW) in operation since late 2014 in Kern County produces approximately 124,000 MWh of energy annually.
        - Solverde 1 Solar Facility (85 MW) in operation since late 2016 near Lancaster produces approximately 230,000 MWh of energy each year.
        - Pearblossom Solar Facility (9.5 MW), which is adjacent to the Pearblossom Pumping Plant and in operation since late 2016, produces approximately 28,000 MWh of energy annually.
        - Sanborn Solar Project (36 MW) in operation since late 2022 in Kern County produces approximately 105,000 MWh of energy annually.
        - Pastoria Solar Energy Project (100 MW) in Kern County, which became operational this year and produces approximately 280,000 MWh of energy annually.
        - Kyan Solar, LLC (100 MW) in Kern County, which will be operational in 2027 and produce approximately 281,000 MWh of energy annually.

- Hydropower projects active contracts in operation total 168 MW of capacity and 436 GWhs of energy:

    - DWR-SWP has long-standing hydropower agreements to ensure Clean Energy. Some examples include:

        - Pine Flat Hydropower Facility (165 MW) in operation since early 1984 in Fresno County produces approximately 431,000 MWh of energy annually.
        - Hoover Hydropower Facility (2,080 MW) in operation since 1934 in southeast Nevada, where DWR-SWP purchases three MW of capacity, contributes approximately 5,000 MWh of energy annually.
        - Pine Flat U4 Hydropower Facility (4.5 MW) in Fresno County, which will be operational in late 2027 and produce approximately 9,800 MWh annually.

Comments

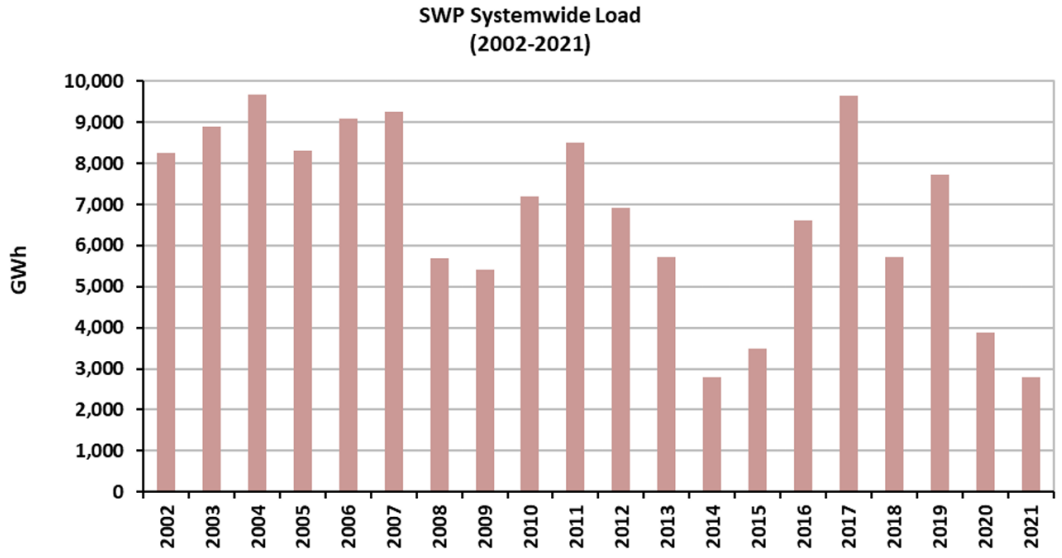
Need for this bill. According to the author:

> Senate Bill 952 lowers costs to the State Water Project (SWP) by providing the Department of Water Resources (DWR) procurement flexibility when meeting the state's clean energy goals. These savings directly benefit the public water agencies contracted with DWR, ultimately reducing the costs to SWP ratepayers. The SWP is a water storage and delivery system that provides water to 27 million Californians across the state. To meet the state's energy goals, SWP operations must be fully powered by eligible renewable resources or zero-carbon resources by 2035, as established by SB 1020 which I authored in 2022. SB 952 allows DWR to apply excess renewable energy procurement toward future years, and account for additional factors such as portfolio diversity and resource type.

SB 1020 implementation costs. In requiring the SWP to procure eligible renewable energy and zero-carbon resources to meet the SB 100 goals, DWR estimated increased costs to operate the water conveyance system. DWR estimated costs of up to $3.3 billion (water ratepayer or other funds) for the SWP to purchase 100% zero carbon electricity by 2035. Of that amount, DWR estimates costs of $2.6 billion to acquire new renewable and zero-carbon resource supplies, $100 million to exit existing carbon contracts early, and $600 million in new Transmission Access Charges. SB 1020 also provided some flexibility to defer the deadline to no later than December 31, 2040 in two cases: (1) authorizing the Governor to adjust the December 31, 2035, deadline, in the event of unexpected and extraordinary circumstances; and (2) authorizes DWR to defer procuring zero-carbon resource quantities equal to the amount of electricity if it determines that full achievement of the obligations would require early termination of an existing contract to procure fossil generation entered before January 1, 2010 and the early termination would result in significant uneconomic costs. Nonetheless, concerns about increased costs have lingered for the State Water Contractors who purchase water from DWR.

Bill attempts to provide flexibility given the SWP's variable energy load. As noted by the author, the SWP has a highly variable energy use – demonstrated in the graphic below – due to varying hydrology. This can make planning for energy needs more reactive than proactive. This bill attempts to provide additional flexibility by allowing excess procurement after 2035 to be banked to meet a future year's compliance obligation. The supporters contend this will help reduce some of

the additional costs from complying with SB 1020's requirements. The bill requires that for any excess procurement that is banked and used in a future year's obligation, the corresponding RPS renewable energy credit is retired, consistent with SB 1020 requirements and ensuring elimination of any double-counting of the same eligible renewable energy resource.



Related/Prior Legislation

SB 1020 (Laird, Chapter 361, Statutes of 2022) established interim targets to reach SB 100 clean energy goals and required state agencies to purchase 100% zero carbon electricity by December 31, 2035, to serve their load, including obligations on SWP.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2017 which increases the RPS requirement from 50% by 2030 to 60% and created 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 4/27/26)

State Water Contractors (Source)
Association of California Water Agencies

Western Electrical Contractors Association

OPPOSITION: (Verified 4/27/26)

None received

ARGUMENTS IN SUPPORT: According to the State Water Contractors:

> The SWP has one of the most dynamic energy needs of any large utility in the state, with those needs ranging on average, 6,500,000 MWh to 9,000,000 MWh power portfolio is dependent on hydrology and thus difficult to plan for in the near and long term. SB 952 would clarify generation attributes DWR may consider for procurement and create certainty for DWR by allowing excess energy procured in low water years be applied to years when SWP energy needs are high. Providing greater certainty into how DWR can achieve this goal will reduce costs to water ratepayers while ensuring achievability.

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