

Date of Hearing: June 10, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

SB 952 (Laird) – As Amended May 18, 2026

SENATE VOTE: 36-0

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

SUMMARY: Modifies DWR's clean energy procurement requirements for the State Water Project, extends DWR's authority to defer certain obligations associated with existing fossil generation contracts entered into before January 1, 2011, and allows excess clean energy procurement to be credited toward future procurement obligations. Specifically, **this bill:**

- 1) Requires DWR, when procuring eligible renewable energy resources and zero-carbon resources for the State Water Project, to consider portfolio diversity, resource type, location, and hours of typical peak operation.
- 2) Expands DWR's authority to defer procurement of certain zero-carbon electricity resource quantities to apply to existing contracts to procure fossil generation entered into before January 1, 2011, rather than January 1, 2010.
- 3) Authorizes excess procurement of eligible renewable energy resources and zero-carbon resources on and after January 1, 2036, to be applied toward any subsequent year's obligation.
- 4) Defines "excess procurement of eligible renewable energy resources and zero-carbon resources" as procurement of eligible renewable energy resources and zero-carbon resources that exceeds 100 percent of annual retail sales for the department and State Water Resources Development System in a given year and for which all associated environmental and renewable attributes are retired and not transferred or resold.

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% by December 31, 2040, 100% 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 DWR to procure eligible renewable energy resources and zero-carbon resources to satisfy the state agency obligations imposed on the SWP pursuant to that policy. Requires all resources procured to be used first to meet DWR's own electricity needs. (Water Code § 80400(a)(1))
- 3) Authorizes DWR to defer, until no later than December 31, 2040, procuring zero-carbon electricity resource quantities equal to the amount of electricity provided under an existing fossil generation contract entered into before January 1, 2010, if DWR determines that full achievement of the SWP's obligations would require early

termination of that contract and that early termination would result in significant uneconomic costs. (Water Code § 80400(a)(2))

- 4) Authorizes the Governor to adjust DWR's compliance deadline to the earliest feasible date, but no later than December 31, 2040, if extraordinary circumstances, catastrophic events, considerable supply chain disruptions and equipment shortages, or threats of significant economic harm render full achievement of the obligations infeasible. (Water Code § 80400(a)(3))
- 5) Requires DWR, in conducting procurement, to consider procurement commitments that may yield maximum long-term employment, stimulate new economic activity, generate local and state tax revenues, and assist with the development of new industries; resource attributes including resource adequacy, flexibility, integration value, the ability to provide firm clean electricity, and local air quality benefits; and the results of integrated resource planning modeling conducted by the CPUC. (Water Code § 80400(d))

FISCAL EFFECT: Unknown; this bill was not referred to the Senate Appropriations Committee.

BACKGROUND:

Legislative History - SB 100 (De León, Chapter 312, Statutes of 2018) increased California's Renewables Portfolio Standard to 60% by 2030 and established a state policy of supplying 100% of retail electricity sales with eligible renewable energy resources and zero-carbon resources by 2045. SB 100 also required California Energy Resources Board (CARB), the California Energy Commission (CEC), and the California Public Utilities Commission (CPUC) to prepare a joint report beginning in 2021 and every four years thereafter evaluating progress toward the state's clean energy goals, including reliability, affordability, customer rate impacts, and barriers to implementation. The first Joint Agency Report, released in January 2021, identified the SWP as the largest single consumer of electricity in California, accounting for approximately 2% of statewide electricity demand.

SB 1020 (Laird, Chapter 361, Statutes of 2022) built on SB 100 by establishing interim clean electricity targets requiring eligible renewable energy resources and zero-carbon resources to supply 90% of retail electricity sales by 2035, 95% by 2040, and 100% by 2045. The bill also established a policy that electricity procured to serve state agencies, including the SWP, be supplied with eligible renewable energy resources and zero-carbon resources by December 31, 2035. To implement those requirements for the State Water Project (SWP), SB 1020 required DWR to procure eligible renewable energy and zero-carbon resources to meet the SWP's electricity needs. The bill also authorized DWR to defer procurement of certain zero-carbon resource quantities until no later than December 31, 2040, if compliance would require the early termination of an existing fossil generation contract entered into before January 1, 2010, and that early termination would result in significant additional costs.

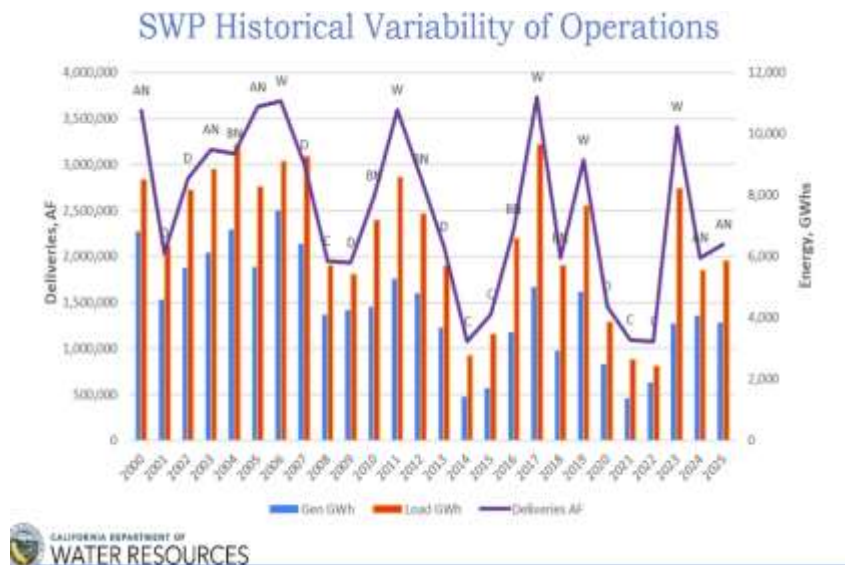
The State Water Project-The State Water Project (SWP), operated by the Department of Water Resources (DWR), is the nation's largest state-owned water and power system. The SWP delivers water through a network of reservoirs, pumping plants, power facilities, canals, and pipelines to 29 public water agencies serving approximately 27 million Californians and 750,000 acres of farmland. Operating the SWP requires significant amounts of electricity to move water

throughout the state, making it the largest single consumer of electricity in California. Although the SWP generates electricity through its hydroelectric facilities, it consumes more electricity than it produces and therefore relies on power procured by DWR to meet its operational needs. Unlike many electricity consumers, the SWP's power demand can vary significantly from year to year depending on hydrologic conditions and water operations. Annual energy consumption can range from approximately 6 million to 9.5 million megawatt-hours, which can make long-term procurement planning more challenging.

COMMENTS:

- 1) *Author's Statement.* 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 State Water Project 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. The bill also accounts for additional factors such as portfolio diversity and resource type and makes a technical change to maintain the intent of the provision.

- 2) *Accommodating a Variable Load.* The SWP's energy use fluctuates substantially depending on hydrologic conditions and water operations, as shown in Figure 1,¹ ranging from approximately 4,000 to over 10,000 gigawatt-hours annually. This variability makes it difficult for DWR to predict future electricity needs and plan procurement accordingly. SB 952 seeks to address this challenge by allowing excess procurement



¹ California Department of Water Resources, *State Water Project's Summer 2025 Operations Outlook*, presented at the California Energy Commission Summer Energy Reliability Workshop, May 2, 2025.

of eligible renewable energy resources and zero-carbon resources to be applied toward a future year's compliance obligation. Supporters, including the State Water Contractors, the Association of California Water Agencies, the California Municipal Utilities Association, and other water agencies, assert that this measure recognizes the unique operating characteristics of the SWP and allows DWR to better manage years when energy demand is lower than anticipated. They contend that this approach could help avoid unnecessary procurement costs while maintaining the project's clean energy requirements. All SWP operating and procurement costs, averaging over \$1.3 billion annually according to the author, are borne by the 29 public water agencies regardless of how much water is delivered in a given year. To the extent this bill reduces unnecessary compliance costs, those savings could be passed on to the agencies and the customers they serve.

- 3) *Existing Contract Deferral.* Existing law allows DWR to defer certain clean energy procurement obligations associated with an existing fossil generation contract if early termination of the contract would result in significant uneconomic costs. SB 952 would extend eligibility for this provision to contracts entered into before January 1, 2011, rather than January 1, 2010. According to the author, this change is intended to ensure that DWR's 2010 agreement for energy from the Lodi Energy Center is covered by the deferral provision established under SB 1020. Therefore, DWR could continue purchasing energy under that contract through 2040 and avoid the costs of replacing the resource before the contract terminates, while continuing to comply with the SWP's renewable and zero-carbon procurement requirements.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Zone 7 Water Agency
Association of California Water Agencies
Association of California Water Agencies (ACWA)
California Municipal Utilities Association
Central Coast Water Authority
Crestline-lake Arrowhead Water Agency
Kern County Water Agency
Metropolitan Water District of Southern California
Napa County Flood Control and Water Conservation District
Palmdale Water District
San Geronio PASS Water Agency
Solano County Water Agency
State Water Contractors

Opposition

None on file.

Analysis Prepared by: Lina V. Malova / U. & E. / (916) 319-2083