Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 952 (Laird) – As Amended May 18, 2026

Policy Committee: Utilities and Energy Vote: 18 - 0

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

SUMMARY:

This bill modifies existing law that requires the Department of Water Resources (DWR) to procure eligible renewable energy resources and zero-carbon resources (eligible resources) needed to power the State Water Project (SWP).

Specifically, this bill:

1) Authorizes DWR, starting January 1, 2036, in regards to procurement of eligible resources needed to power the SWP, to apply excess procurement of eligible renewable energy resources and zero-carbon resources in one year to any subsequent year's obligation.

2) Modifies existing authority that allows DWR to defer procurement of zero-carbon electricity resources until no later than December 31, 2040, if the procurement would require early termination of an existing contract to procure fossil generation so that, under the bill, DWR would need to have entered into such a contract by January 1, 2011, rather than January 1, 2010, as per current law.

3) Adds the following to items DWR is to consider when conducting procurement of renewable energy resources and zero-carbon resources: portfolio diversity, resource type, location and hours of typical peak operation.

FISCAL EFFECT:

No direct state costs.

COMMENTS:

The SWP project is the single largest user of electricity in the state. DWR procures substantial quantities of electricity to move water, generally from the north of the state to the south. Existing law requires, by December 31, 2035, 100% of electricity procured to serve state agencies be generated by eligible resources. This requirement applies to DWR's operation of the SWP, though the law allows DWR to defer, until December 31, 2040, procurement of eligible 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, meaning those costs exceeds benefits.

The cost to run the SWP are considerable—averaging "over $1.3 billion annually," according to the author. These costs are paid by the public agencies that receive water from the project. Those public agencies, collectively, describe operation of the SWP as subject to "swings in energy use, unlike traditional utilities" and "dependent on hydrology and thus difficult to plan for in the near and long term." The author, in explaining the need for the bill, notes that the requirement that SWP electricity come from eligible resources will likely increase SWP costs and describes this bill as providing "flexibility to [DWR] to manage costs for the State Water Project, while still upholding the state's clean energy goals." The author further explains the need for the bill as ensuring DWR is able to defer renewable energy it procures from the Lodi Energy Center pursuant to a contract DWR signed in 2010.

There is no opposition to this bill.

As written, the bill defines "excess procurement," in part, as "procurement of eligible renewable energy resources and zero-carbon resources in one year that exceed 100 percent of the annual retail sales in the same year for the department and State Water Resources Development System." However, DWR, unlike an electric utility, does not sell electricity to retail customers; therefore, it has no retail sales of electricity in any year.

The effect of this definition is, as of January 1, 2036, to preclude DWR from crediting excess procurement of electricity generated by renewable energy resources in one year to any subsequent year, an outcome that would be contrary to the author's intent. This outcome could be avoided by amending the bill to refer to "electrical load served," rather than "annual retail sales." The author has proposed amendments to the committee that make just this change.

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