Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 2476 (Ellis) – As Introduced February 20, 2026

SUBJECT: Electricity: integrated resource plans: Department of Water Resources: procurement

SUMMARY: Expands eligibility for the Department of Water Resources' (DWR) central procurement entity (CPE) function to include any pumped storage facility at or below 500 megawatts (MWs) that is exempt from Federal Energy Regulatory Commission (FERC) licensing.

EXISTING LAW:

1) Defines "load-serving entities" (LSE) as investor-owned utilities (IOUs), electric service providers (ESPs), and community choice aggregators (CCAs). (Public Utilities Code § 380 (k))

2) Requires retail sellers and publicly owned utilities to increase purchases of renewable energy such that at least 60% of retail sales are procured from eligible renewable energy resources by December 31, 2030. This is known as the Renewables Portfolio Standard, or RPS. (Public Utilities Code § 399.11 et seq.)

3) Establishes the policy that all of the state's retail electricity be supplied with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, and 100% of electricity procured to serve all state agencies by December 31, 2035, for a total of 100% clean energy. Requires the California Public Utilities Commission (CPUC), in consultation with the California Energy Commission (CEC), California Air Resources Board (CARB), and all California balancing authorities, to issue a joint report to the Legislature by January 1, 2021, reviewing and evaluating the 100% clean energy policy. (Public Utilities Code § 454.53)

4) Requires the CPUC to adopt a process for each LSE to file an integrated resource plan (IRP) and a schedule for periodic updates to the plan to ensure that LSEs accomplish specified objectives. Requires each LSE to prepare and file an IRP consistent with those objectives on a time schedule directed by the CPUC and subject to CPUC review. (Public Utilities Code § 454.52)

5) Requires that the IRP of each LSE contribute to a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy resources in a cost-effective manner, meets the emissions reduction targets for greenhouse gases (GHG) established by CARB for the electricity sector, and prevents cost shifting among LSEs. (Public Utilities Code § 454.54)

6) Requires the CPUC, on or before September 1, 2024, and consistent with the IRP process and schedule, to determine if there is a need for the procurement of eligible energy resources, requires the CPUC to specify the eligible energy resources that should be procured to meet that need, and authorizes the CPUC, within six months of making that determination, to

request the DWR to procure those specified resources that meet the portfolio of resources. (Public Utilities Code § 454.52 (a)(4))

7) Authorizes DWR to procure the specified resources if DWR elects to do so, before January 1, 2035. (Public Utilities Code § 454.52 (a)(4)(D)(i))

8) Defines eligible resources for purposes of the CPE to be only new resources that (Public Utilities Code § 454.52 (h)(1)):

    a. Directly supports attainment of state clean energy goals without increasing dependence on fossil fuel.
    b. Are determined by the CPUC to not be under contract at sufficient levels in LSEs' IRPs.
    c. Have a construction and development timeline of at least 5 years.
    d. Does not generate electricity using fossil fuels or fuels derived from fossil fuels.
    e. Does not use combustion to generate electricity, unless that combustion use is ancillary and necessary to facilitate geothermal electricity generation.

9) Makes eligible for CPE treatment resources from a pump hydroelectric facility if the pump hydroelectric facility does not exceed 500 megawatts and has been directly appropriated funding by the state before January 1, 2023. (Public Utilities Code § 454.52 (h)(2))

10) Establishes the Eligible Energy Central Procurement Fund and continuously appropriates money in the fund to the DWR for procurement by DWR as the central procurement entity. Requires that all monies collected by electric IOUs, ESPs, CCAs, and electric POUs and remitted to the DWR for eligible energy resources, and all moneys paid directly or indirectly to or for the account of the DWR for any sale, exchange, transfer, or disposition of those resources, be deposited into the fund. (Water Code §§ 80810, et seq.)

11) Authorizes DWR, upon determining that it is necessary or desirable to issue bonds to support activities for the procurement of eligible energy resources, to issue bonds for purposes of financing the procurement of those resources supporting the fund and other related expenses incurred by the DWR. (Water Code § 80840)

12) Establishes a sunset of January 1, 2035, by when DWR's authority to contract for electrical power ceases. (Water Code §§ 80820, 80850)

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Assembly Committee on Appropriations for its review.

BACKGROUND:

DWR's CPE – AB 1373 (E. Garcia, Chapter 367, Statutes of 2023) authorized the CPUC to request that DWR act as a CPE to conduct procurement of certain eligible long lead-time resources until January 1, 2035. Per statute, the CPUC is required to make an initial need determination by September 1, 2024, for procurement by DWR of long lead-time resources over and above those shown in LSEs' integrated resource plans. If a need is identified, the CPUC must make a request to DWR to exercise its CPE mechanism within six months. The CPUC must allocate the costs and benefits of any procurement conducted by DWR.

Statute authorizes DWR to only procure "eligible energy resources," limited to resources meeting specified criteria. Namely, statute prohibits resources that are derived from fossil fuels, or would increase dependence on fossil-fueled resources, or any resource that uses combustion (except if it is ancillary to the production of geothermal energy). In the case of pumped storage hydroelectricity, the statutory intent seems to be to only capture San Vicente Reservoir project, which received funding in the 2021 State Budget. Additionally, the CPUC must determine that the resource is not under contract at sufficient levels by LSEs and has a construction and development lead time of at least five years. As such, statute does not explicitly call out every eligible resource but attempts to prohibit and require particular attributes. At a minimum, offshore wind, geothermal energy, and pumped hydroelectricity energy storage under 500 MW would be among the eligible resources DWR could procure.

In 2024, after completing its assessment,[1] the CPUC determined a need to use the CPE function to procure up to 7,600 MWs of offshore wind energy, up to 1,000 MWs of geothermal energy, up to 1,000 MWs of multi-day long-duration energy storage, and up to 1,000 MWs of long-duration energy storage facilities with a longer, 12+ hour discharge period.[2] In February 2025, the CPUC officially requested that DWR initiate its role in this CPE function and begin the process of soliciting resources.[3] This work is ongoing and is expected to result in the first solicitation in late 2026, with other solicitations to follow. The first solicitation is scheduled to be long duration energy storage, both multi-day and 12+ hour duration.

FERC licensure of projects – The Federal Energy Regulatory Commission (FERC) is the primary federal authority responsible for licensing non-federal hydroelectric projects in the United States, a responsibility established under the Federal Power Act.[4] This includes pumped storage facilities, which FERC regulates as hydroelectric projects given their use of water to generate and store electricity. FERC licensing imposes requirements related to environmental review, water rights, land use, and operational conditions, and the process can be lengthy and expensive. However, the Federal Power Act exempts certain smaller projects from full licensing requirements – namely, those at or below 10MWs (for small hydropower projects) or 40MWs (for existing conduit facilities)[5] – as well as projects that qualify for exemption based on their size and the nature of the waterway involved. Projects that fall outside FERC's licensing jurisdiction, whether due to size, location, or facility type, are generally subject instead to state regulatory authority.

Bison Peak – the Bison Peak Pumped Storage Project is a proposed closed-loop pumped hydroelectric facility located near Tehachapi, CA. It consists of (1) an upper reservoir with a storage capacity of 1,300 acre-feet created by construction of a 35-foot high ring dam and (2) one of three alternatives for a lower reservoir and powerhouse. The project developer stated to FERC in 2018 that the project would use either groundwater or water obtained from the Tehachapi-Cummings County Water District, which receives water from the State Water Project, for initial fill of the reservoirs. In August 2018, FERC ruled on the Bison Peak Project's

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[1] CPUC, *ALJ Ruling Seeking Comments on Need and Process for Centralized Procurement of Specified Long Lead-time Resources,* R. 20-05-003; April 26, 2024.
[2] D.24-08-064, *Decision Determining Need for Centralized Procurement of Long Lead-Time Resources*, issued August 29, 2024, in Rulemaking 20-05-003.
[3] https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/ab1373/cpuc-ab-1373-procurement-request_dwr.pdf
[4] 16 U.S.C. § 791, et seq.
[5] https://www.ferc.gov/licensing/exemptions-licensing

declaration to be exempted from FERC licensure, noting if Bison Peak only uses groundwater it is exempt, but if it uses water from the Tehachapi-Cummings County Water District it must seek a FERC license.[6]

COMMENTS:

1) *Author's Statement.* According to the author, "AB 2476 is designed to enhance the state's existing central procurement program by permitting the procurement of pumped-storage hydro (PSH) as an eligible zero carbon resource available to the program. Under the initial program, pumped-storage hydro was limited for procurement. This bill seeks to expand PSH to additional projects under development in the state. PSH is a reliable, cost-effective long-duration, clean energy opportunity that diversifies the state's options."

2) *Purpose of Bill.* This bill addresses a limitation in the existing eligibility criteria for pumped hydroelectric facilities under DWR's CPE function. Under current law, pumped hydroelectric resources are only eligible for CPE treatment if they do not exceed 500 MWs and were directly appropriated state funding before January 1, 2023 – a narrow category that effectively limits eligibility to the San Vicente Reservoir project, which received funding in the 2021 State Budget. This bill adds to the list of eligible projects any pumped storage facility at or below 500 MWs that is exempt from FERC licensing. The practical effect is to broaden the pool of pumped hydroelectric projects DWR can procure, allowing more facilities to qualify; though the objective of the bill's sponsor is to ensure the Bison Peak Pumped Storage Project near Tehachapi, CA, qualifies. Given that pumped storage is a key tool for storing renewable energy and managing grid reliability, this expansion of CPE project eligibility may be warranted to enable DWR to pursue a wider range of storage projects before its central procurement authority expires in 2035.

3) *Resources Eligible Under this Bill.* A central point of engagement since the creation of DWR's CPE authority is around expanding the eligible project types. While no procurement has occurred to date, and DWR's existing procurement schedule does not anticipate any solicitations even beginning until later this year, project developers routinely seek opportunities for inclusion in the CPE. Developers likely prefer DWR CPE over the private market primarily because it offers long-term, state-backed contracts that provide revenue certainty and eliminate offtake risk – all advantages that are difficult to replicate privately, particularly for capital-intensive projects like pumped storage with long development timelines. DWR's bonding authority can also lower the cost of capital compared to private financing, and state procurement may help advance projects that would otherwise struggle to attract private investment on viable terms.

   In the case of Bison Peak, the project has been in the feasibility phase for over a decade since it originally filed for a preliminary permit at FERC in early 2015.[7] While awarded a queue position at CAISO in April 2021, the project withdrew its position in early 2023.[8]

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[6] 164 FERC ¶ 62,057 https://www.federalregister.gov/documents/2018/01/10/2018-00282/covington-mountain-hydro-llc-notice-of-preliminary-permit-application-accepted-for-filing-and

[7] https://www.federalregister.gov/documents/2015/04/28/2015-09840/bison-peak-pumped-storage-llc-notice-of-preliminary-permit-application-accepted-for-filing-and

[8] https://www.interconnection.fyi/project/caiso-2086

The committee is unaware of any offtake agreements currently contemplated between Bison Peak and LSEs.

This bill expands the opportunity for pumped hydroelectric procurement by DWR to include projects that are both at or below 500 MWs and exempt from FERC licensure. According to DWR, a license from FERC is required for any hydroelectric project that 1) is a non-federal project; 2) is located on navigable waters of the U.S.;[9] 3) occupies public lands or reservations of the U.S.; 4) utilizes surplus water or waterpower from a federal dam; or 5) affects the interests of interstate or foreign commerce. So, the exemption under this bill would apply to any pumped hydroelectric project that doesn't fit these criteria. In other words, a project that uses local water supply and is on non-federal land and doesn't affect commerce, such as Bison Peak, would likely meet these criteria.

The committee is currently aware of at least 16 proposed pumped hydroelectric projects in various development stages in CAISO's territory, as detailed in the table below. Of these 16, six are at or under the 500 MW threshold in existing statute (light orange) and only two of these six (darker orange) are proposing to use groundwater as the likely water source. The two projects are Bison Peak, as detailed above, and Swan Lake North Pumped Storage, a proposed project on the Oregon side of the Oregon-California border. This would suggest that the proposed eligibility expansion in this bill, as written, would only benefit the Bison Peak project, although any new pumped storage projects that are also under 500 MW and utilize groundwater may also qualify.

4) *Current Statutory Limitations on Pumped Storage may be too Narrow.* This bill proposes expanding the list of eligible projects DWR may procure through its CPE function. It does not mandate procurement of these projects, which must still go through rigorous needs assessments and procurement and contract review by the CPUC. As noted above, the CPUC has already requested DWR procure up to 1,000 MWs of long duration energy storage. While pumped hydroelectric storage is one type of long duration energy storage, it is by far the oldest, most well-known technology. By limiting project eligibility to only one (as is the case in existing law) or two (as is the case under this bill) pumped hydroelectric facilities, the statute constrains the options DWR may consider in selecting projects that best serve the state's energy portfolio needs.

   Expanding the pool of eligible projects introduces competitive pressure that might otherwise be absent in current statute. Generally, when only one or two developers meet the eligibility criteria, those developers hold significant market power and have little incentive to offer favorable contract terms. Broadening eligibility to more pumped storage projects may enable genuine competition, rather than forcing DWR to negotiate from a position of limited alternatives.

[9] https://www.ecfr.gov/current/title-33/section-329.4

	Potential FERC Project Info for Identified Area[10]						
Potential Pumped Storage Site (FERC Application Name)	**FERC Project Number**	**State**	**City**	**County**	**Expected MWs**	**Probable Water Source (Staff Assessment)**	**Interconnection**
Eagle_Mountain	P-13123	CA	Eagle Mountain	Riverside	1,300	Ground Water (Low Prioritization)	In a queue (Red Bluff)
Swan Lake North Pumped Storage	P-13318	OR	Altamont	Klamath	393	Ground Water (Low Prioritization)	In a queue (Malin)
LEAPS	P-14227	CA	Lake Elsinore	Riverside	500	Existing off-stream reservoir	In a queue (Alberhill)
San_Vicente	P-14642	CA	Poway	San Diego	500	Existing off-stream reservoir	Sycamore Canyon 230 kV
Mokulumne Pumped Storage	P-14796	CA	Jackson	Amador and Calaveras	400	Existing on-stream reservoir	In a queue (Bellota)
Bison_Peak	P-14850	CA		Kern	480	Ground Water (Low Prioritization)	*was* in a queue (Windhub 230 kV)
Tehachapi Pumped Storage	P-15104	CA	Lebec	Kern	1,000	Ground Water (Low Prioritization)	Bailey 220 kV
Nacimiento Pumped Storage	P-15269	CA	Oak Shores	San Luis Obispo	1,500	Existing on-stream reservoir	Templeton 230 kV
Twitchell Pumped Storage	P-15271	CA	Santa Maria	San Luis Obispo, Santa Barbara	600	Existing on-stream reservoir	Mesa 230 kV
Whale Rock Pumped Storage	P-15272	CA	Cayucos	San Luis Obispo	600	Existing off-stream reservoir	New sub (Morro-Solar or Morro-Diablo 230 kV)
Vandenberg Pumped Storage	P-15284	CA	Vandenburg	Santa Barbara	1,351	Ocean	Lompoc Substation

[10] Compiled data as of August 2025 from various CPUC filings in the Integrated Resource Planning documents, courtesy of CPUC/CAISO

Haiwee Pumped Storage	P-15307	CA	Olancha	Inyo	1,600	Existing on-stream reservoir	Windhub
MQR Pumped Storage	P-15312	CA	Tracy	Alameda	280	Existing off-stream reservoir	Tesla 230 kV
Salt Springs Pumped Storage	P-15343	CA	Mokelumne Hill	Calaveras	2,000	Existing on-stream reservoir	Bellota 230 kV
Isabella Pumped Storage	P-15306	CA	Lake Isabella	Kern	2,000	Existing on-stream reservoir	Magunden 115 kV
Maxwell Pumped Storage	P-15345	CA	Rosamond	Kern	3,600	Existing off-stream reservoir	Whirlwind

Indeed, the CPUC acknowledged this possibility in its decision determining the need for centralized procurement, where the CPUC notes:

"However, in response to parties' comments on the proposed decision, we do make some provisions to allow some commercialized technologies, including conventional geothermal and PSH [pumped storage]*, to compete in some categories of procurement authorized herein, because these technologies face barriers to being contracted in the amounts necessary to meet our long-term GHG emissions goals and resource diversity objectives, similar to the emerging technologies identified.* ***In addition, allowing some competition by commercialized technologies can serve to keep costs lower for ratepayers overall."*** *(emphasis mine)*[11]

Therefore, limiting eligibility to projects at or below 500 MWs, without additional restrictions on FERC licensing status or prior state funding, may give DWR more flexibility to identify and procure the most viable pumped storage projects available. Given that pumped storage is a critical tool for integrating renewable energy and ensuring grid reliability, and given that DWR's procurement authority expires in 2035, maximizing the eligible project pool now gives the state the best chance of advancing viable storage capacity within that time. *As such, the committee recommends striking both the amendment proposed in this bill related to a FERC exemption and the limitation in existing statute related to direct state appropriation, so that the only limitation for eligible pumped hydroelectric resources for DWR CPE procurement is a cap of 500 MWs.*

5) *Prior Legislation.*

AB 1373 (Garcia) authorizes DWR to act as a CPE until January 1, 2035. Requires the CPUC and the CEC, as applicable, to assess capacity payments for LSEs and POUs that are deficient in their reliability obligations until June 30, 2027. Finally, grants the CPUC additional enforcement and subsequent penalty authority over the LSEs' IRPs. Status: Chapter 367, Statutes of 2023.

AB 1538 (Muratsuchi, 2023) establishes an incentive program, the Clean Energy Reliability Program, to pay LSEs a specified amount for the procurement of eligible resources that exceed the LSEs' procurement targets as set by the CPUC. Status: Died – Assembly Committee on Appropriations.

AB 1161 (E. Garcia, 2021) would have required DWR to procure newly developed eligible renewable energy resources or zero-carbon resources, and energy storage associated with those resources, in an amount that satisfies 100% of the electricity procured to serve all state agencies by December 31, 2030. Status: Died – Assembly Committee on Utilities and Energy.

AB 56 (E. Garcia, 2019) would have required the CPUC to empower the CAEATFA to undertake backstop procurement of electricity that would otherwise be performed by an electrical corporation to meet state resource adequacy, integrated resource planning, and

[11] Pg. 41, CPUC, D. 24-08-064, "Decision Determining Need for Centralized Procurement of Long Lead-time Resources," in R. 20-05-003, issued August 29, 2024.

renewable portfolio standard goals not satisfied by retail sellers or load-serving entities. Status: Died – Senate Committee on Energy, Utilities, and Communications.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Rye Development, LLC (Sponsor)

Agricultural Energy Consumers Association
EDF Power Solutions

Opposition

None on file.

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