

Date of Hearing: March 26, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Juan Carrillo, Chair
AB 59 (Aguiar-Curry) – As Introduced December 2, 2024

SUBJECT: Reclamation District No. 108: hydroelectric power.

SUMMARY: Makes permanent the authority of Reclamation District No. 108 (RD 108) to generate and sell hydroelectric power. Specifically, **this bill:**

- 1) Removes the January 1, 2026 sunset date on the authority of RD 108 to do the following:
 - a) Construct, maintain, and operate a plant for the generation of hydroelectric power, together with transmission lines for the conveyance thereof and with other facilities that may be necessary or appropriate for the construction, maintenance, and operation of that plant;
 - b) Finance construction of the plant and transmission lines by the issuance of time warrants, which shall be retired by proceeds from the sale of electricity, as specified;
 - c) Lease the hydroelectric plant, transmission lines, and related facilities to a public utility or public agency engaged in the distribution, use, or sale of electricity;
 - d) Sell the power generated to a public utility or public agency engaged in the distribution, use, or sale of electricity. The power generated shall not be offered for sale directly by the district to customers other than a public utility or public agency.
- 2) Makes conforming changes.

EXISTING LAW:

- 1) Establishes powers and duties for reclamation districts. (Water Code Section 50000-53901)
- 2) Authorizes RD 108 and Reclamation District No. 1004 (RD 1004) to construct, maintain, and operate a plant for the generation of hydroelectric power, together with transmission lines for the conveyance thereof and with other facilities that may be necessary or appropriate for the construction, maintenance, and operation of that plant. (Water Code Section 50906)
- 3) Authorizes RD 108 and RD 1004 to finance construction of the plant and transmission lines by the issuance of time warrants, and allows the reclamation district's Board of Trustees, by resolution, to only use the proceeds from the hydroelectric power plant, instead of assessments, to pay for the time warrants. (Water Code Section 50906)
- 4) Requires RD 108 and RD 1004 to utilize proceeds from the sale of electricity to retire any time warrants issued for construction of the facilities and otherwise for the powers and purposes for which the district was formed. (Water Code Section 50906)
- 5) Authorizes RD 108 and RD 1004 to lease the hydroelectric plant, transmission lines, and related facilities to a public utility or public agency engaged in the distribution, use, or sale of electricity. (Water Code Section 50906)

- 6) Authorizes RD 108 and RD 1004 to sell the power generated to a public utility or public agency engaged in the distribution, use, or sale of electricity. (Water Code Section 50906)
- 7) Prohibits RD 108 and RD 1004 from selling the power directly to customers, other than to a public utility or public agency. (Water Code Section 50906)
- 8) Specifies that Water Code Section 50906, as referenced in comments 2-7 above, applies to RD 1004 indefinitely and to RD 108 until January 1, 2026.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background.** Reclamation Districts (RDs) are special districts formed to pay for the cost of reclaiming land that may be subject to frequent overflow or flooding, such as swamps, salt marshes, or tidelands. RDs provide a means to finance the reclamation of the land for future use, such as creating facilities for land irrigation or sewage and waste removal. RDs are formed by a petition of at least 50% of the owners of the land in the area. The petition is then presented to the county which notifies all affected property owners, holds public hearings to consider the petition and, if it finds that the statements in the petition are correct, makes an order approving the petition.

Existing law allows several types of special districts to generate hydroelectric power including water conservation districts, county water districts, municipal water districts, irrigation districts, and community service districts. Current law allows these districts to use the hydraulic force of the water they deliver to generate electricity. In all of these examples, the generation of hydroelectric power is the secondary product of the district's primary purpose.

In addition to including the generation of hydroelectric power on the list of powers and duties for several special district principal acts, the Legislature has also authorized individual special districts to generate and sell hydroelectric power. The Legislature granted the authority to generate and sell hydroelectric power to RD 1004 in 1986 [AB 1048 (Costa), Chapter 21, Statutes of 1986]. In 2015, this authority was granted to RD 108 with a sunset date of January 1, 2021 [AB 568 (Dodd), Chapter 134, Statutes of 2015], which was later extended to January 1, 2026 [SB 1473 (Committee on Governance and Finance), Chapter 371, Statutes of 2020].

- 2) **Bill Summary and Author's Statement.** This bill eliminates the sunset date of January 1, 2026 that applies to RD 108's authority to generate and sell hydroelectric power. This bill is sponsored by the Northern California Water Association.

According to the author, "Reclamation District 108 (RD 108) delivers water to nearly 48,000 acres of farmland within southern Colusa County and northern Yolo County. RD 108 is responsible for water supply, levee maintenance, drainage, and flood control within its boundaries and has high energy costs due to its pumping facilities, including for projects that reduce water use by recycling water within the district. This bill allows RD 108 to continue to explore affordable solutions to reduce energy costs through hydropower by extending its existing hydropower authority."

- 3) **RD 108.** RD 108 was formed in 1870 under the Reclamation District Law of 1868. It is located along the western edge of the Sacramento River. According to the Colusa Local Agency Formation Commission's (LAFCo) Municipal Service Review in 2018, RD 108 delivers water from the Sacramento River to nearly 48,000 acres of farmland within southern Colusa County and northern Yolo County. RD 108 works in coordination with the Sacramento River Westside Levee District and the Knights Landing Ridge Drainage District to maintain over 90 miles of levees.
- 4) **Hydroelectric Authority of RD 108.** As a special district, RD 108 requires the approval of the Colusa LAFCo in order to activate these hydroelectric powers, which are outlined in Section 50906 of the Water Code. According to the Colusa LAFCo, "In 2019, the Commission approved hydroelectric power generation services for RD 108 under Resolution No. 2019-0003. It appears that this approval process was not completed, and RD 108 may need to make a new application to LAFCo for the exercise of new or different functions or classes of services (latent powers) pursuant to GOV § 56824.10 - 56824.14 to authorize hydroelectric power generation services."

RD 108 has not thus far exercised its authority to generate and sell hydroelectric power. According to the Northern California Water Association, sponsor of this bill, "RD 108 has completed an evaluation of the total expected capacity of future hydropower projects. They have identified opportunities through hydropower and floating solar power assessments considering multiple types of power generating equipment and has evaluated the total capacity of RD 108's infrastructure to be 20 megawatts. Of that 20 MW of available potential capacity, 19.8 MW is hydropower and 0.2 MW is floating solar power. They have also received suggestions through the evaluation on how to phase the development of the 20 MW into smaller phases."

- 5) **Policy Consideration.** Given that RD 108 is not currently utilizing its authority to generate and sell hydroelectric power, the Committee may wish to consider whether RD 108 should provide information on their use of this authority in the future.
- 6) **Committee Amendments.** In order to address the policy consideration raised above, the Committee may wish to consider the following amendments:

50906. (e) Reclamation District No. 108 shall submit to the Assembly and Senate Committees on Local Government, between January 1, 2035 and January 1, 2036, a report containing the following information:

(1) Whether the district has obtained permission from the Colusa Local Agency Formation Commission to enact its hydroelectric authority.

(2) Whether the district is utilizing its hydroelectric authority or has plans to use its hydroelectric authority. If the district is using its hydroelectric power or has plans to use its hydroelectric power, the report shall include the following information:

(A) The status of the project.

(B) Financial statements related to the selling of hydroelectric power.

- 7) **Previous Legislation.** SB 1473 (Committee on Governance and Finance), Chapter 371, Statutes of 2020, enacted the Local Government Omnibus Act of 2020 and, among other changes to existing laws governing the powers and duties of local agencies, extended the hydroelectric power authorization for RD 108 to January 1, 2026.

AB 568 (Dodd), Chapter 134, Statutes of 2015, granted RD 108 the authority to construct and operate a hydroelectric powerplant and transmission lines until January 1, 2021.

AB 1048 (Costa), Chapter 31, Statutes of 1986, granted authority to RD 1004 to generate and sell hydroelectric power.

- 8) **Arguments in Support.** The Northern California Water Association (NCWA), sponsor of this bill, states, “AB 59 would remove a January 1, 2026 sunset date from Reclamation District (RD) 108’s existing hydropower authorization that was created by AB 568 (Dodd, 2015). AB 59 would continue to authorize RD 108 to ‘construct, maintain, and operate a plan for the generation of hydroelectric power, together with transmission lines for the conveyance thereof and with other facilities that may be necessary or appropriate for the construction, maintenance, and operation of that plant’ among other specified authorities. (Water Code § 509096(a).)...

“The hydropower authorization presents opportunities for RD 108 to develop power through hydroelectric generation, including potentially through small hydropower facilities in the District’s various canals. AB 59 would allow RD 108 to reduce its energy costs in an affordable and environmentally responsible way.”

- 9) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Northern California Water Association [SPONSOR]
County of Yolo
Colusa County
California Central Valley Flood Control Association

Opposition

None on file

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