Electricity Supply Reliability Reserve Fund Progress Report

May 1, 2026

Department of Water Resources acknowledges the efforts and contributions made by leadership and staff members.

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I. Executive Summary

This May 2026 report details current activities undertaken by the Department of Water Resources' Statewide Energy Office (DWR SWEO) and funded by the Electricity Supply Reliability Reserve Fund (ESRRF) from October 1, 2025, through February 28, 2026. Please see prior reports for historical activities.

The following activities have taken place since the last report:

- Contracted Program Support, Professional and Technical Services, and Equipment
    - On November 13, 2025, the Bureau Veritas North America, Inc. agreement was extended to support program activities through February 5, 2028.

Table ES-1 below summarizes the total committed funds per project category, the disbursements for incremental activities between October 1, 2025, through February 28, 2026, and total cumulative disbursements.

Table ES-1: Current Activities Reporting Period Disbursement Summary

Project Category	Committed Funds	Disbursed 10/1/25 - 2/28/26	Total Disbursed as of 2/28/26
Contracted Program Support, Professional and Technical Services, and Equipment	$166,050,343	$1,407,041	$28,367,125
2023 – 2027 – Emergency & Temporary Power Generators > 5 MW	$333,957,842	$10,572,273	$275,817,599
Extended Operations of Retiring Facilities	$1,290,427,064	$134,301,583	$813,376,566
Total	**$1,790,435,249**	**$146,280,897**	**$1,117,561,290**

II. Background

In June 2022, Assembly Bill (AB) 205 (Committee on Budget, Chapter 61, Statutes of 2022), AB 178 (Ting, Chapter 56, Statutes of 2022), and AB 180 (Ting, Chapter 44, Statutes of 2021) were enacted and collectively established California's Strategic Reliability Reserve (SRR). The SRR provides funding to secure additional resources to address extreme events above and beyond traditional resource planning and procurement, such as the Resource Adequacy program. The SRR includes three distinct programs, two administered by the California Energy Commission (CEC) and one by DWR. CEC's Demand Side Grid Support (DSGS) Program provides incentives to reduce customer net energy load and provide backup generation during extreme events, and the Distributed Electricity Backup Assets (DEBA) Program incentivizes the construction of cleaner, more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. DWR's Electricity Supply Strategic Reliability Reserve Program (ESSRRP), created under Division 29 of the Water Code, contracts with, for, and/or constructs new supply-side assets, extends the operating life of resources planned for retirement, and, in 2022 and 2023, reimbursed the above-market cost for imports beyond Resource Adequacy requirements. The ESSRRP is funded by the Electricity Supply Reliability Reserve Fund (ESRRF). The Water Code makes clear the powers, responsibilities, and funding established under Division 29 are separate and distinct from those for the State Water Project (Water Code Sections 80700, subd. (b), 80711, and 80720). The activities of the ESSRRP are carried out by the Statewide Energy Office (SWEO).

A. Reporting Period

Water Code Section 80730 requires DWR to submit regular progress reports for the ESRRF to the Joint Legislative Budget Committee, first due January 31, 2023, and then every May 1, August 1, and December 1 thereafter. Such reports shall include:

- *(a) Amount of funds expended;*
- *(b) Purpose of funds expended;*
- *(c) Status of actions funded;*
- *(d) For new and expanded resources, the amount by megawatt, resource type, operational date, and expected lifetime of that capacity;*
- *(e) The frequency at which resources funded by DWR have been used and the extent to which they complied with the requirements;*

(f) *In consultation with the California Air Resources Board, estimate or provide the best available information on the emissions of greenhouse gases, criteria air pollutants, and toxic air contaminants emitted by the resources funded by DWR over the period since the previous report; and*

(g) *Summary of contracts, grants, and loans issued.*

This May 2026 report details current activities undertaken by DWR and funded by the ESRRF from October 1, 2025, through February 28, 2026.

III. Contracted Program Support, Professional and Technical Services, and Equipment

To support the ESSRRP projects, DWR entered into agreements for professional program and project management, construction and commissioning expertise, and other specialized technical services. SWEO utilizes these agreements to validate and secure viable electrical asset sites, provide services and expertise for site feasibility studies and support, program management, site and project management, and to meet the deadlines outlined in statute, beginning with Water Code Section 80710. Table 1 below provides a listing of each agreement's term, committed funds, disbursed funds prior to October 1, 2025, amounts disbursed this reporting period, and the total cumulative disbursed amounts. The agreements listed below support multiple objectives and efforts under the ESSRRP.

Table 1: Contracted Program Support, Professional and Technical Services, and Equipment

Counterparty	Agreement Start Date	Agreement End Date	Committed Funds	Disbursed prior to 10/1/25	Disbursed 10/1/25 – 2/28/26	Total Disbursed as of 2/28/26
Bureau Veritas	02/01/2023	02/05/2028	$6,000,000	$839,331	$0	$839,331
EDF	12/1/2023	12/31/2027	$15,313,065	$532,821	$129,999	$662,820
EUCI	10/01/2024	09/30/2026	$49,999	$10,101	$0	$10,101
Kiewit Power Constructors, Co.	10/21/2022	10/20/2027	$120,000,000	$18,676,182	$523,385	$19,199,567
MID Spare Transformer	11/16/2023	12/31/2027	$2,607,294	$2,607,294	$0	$2,607,294
PG&E – Lodi	12/1/2023	12/31/2027	$2,381,345	$224,154	$49,716	$273,870
PG&E – MID	12/1/2023	12/31/2027	$2,381,345	$194,681	$41,838	$236,519
PG&E – TID	12/1/2023	12/31/2027	$2,317,295	$231,165	$34,357	$265,522
Qualus	01/01/2024	12/31/2026	$3,000,000	$42,081	$0	$42,081
Stantec Consulting Services, Inc.	07/29/2022	06/30/2027	$6,000,000	$299,785	$0	$299,785
Ulteig Operations, LLC	07/01/2022	06/30/2027	$6,000,000	$3,302,489	$627,746	$3,930,235
		Total	**$166,050,343**	**$26,960,084**	**$1,407,041**	**$28,367,125**

The Bureau Veritas North America, Inc. (Bureau Veritas) agreement provides quality control and quality assurance inspection services for the manufacturing, procurement, design, installation/construction, and repair/refurbishment of equipment and materials in accordance with contract requirements. On November 13, 2025, the Bureau Veritas agreement was extended two years to support program activities through February 5, 2028. The amendment also included administrative clarifications such as updates to travel and per diem rates and generative artificial intelligence (GenAI) technology use and reporting language. The EDF Trading North America LLC (EDF) and Pacific Gas & Electric (PG&E) agreements support the fuel management services for the Modesto Irrigation District (MID), Turlock Irrigation District (TID), and City of Lodi (Lodi) facilities developed under the agreement with Enchanted Rock, LLC (ERock).

The EDF agreement provides purchasing and scheduling needs and the PG&E agreement finances the transportation of natural gas to each of the three facilities. The EUCI agreement provides training services for staff on topics such as power purchase agreements, regulatory compliance, and energy markets. The Kiewit Power Constructors, Co. agreement provides design, construction, and commissioning expertise, and other related technical services. The MID agreement is for the purchase of a spare transformer to replace the one used to interconnect the ERock generator at the MID site. The Qualus[1] agreement supports compliance with mandatory North American Electric Reliability Corporation reliability standards via permitting, reliability, technical engineering support, and auditing services. The Stantec Consulting Services, Inc. and Ulteig Operations, LLC[2] agreements support engineering, professional and technical programs, and project management services for all ESSRRP activities.

IV. 2023 – 2027 – Emergency and Temporary Power Generators > 5 MW

Under the authority provided in Water Code Section 80710, subdivision (b)(1)(B), DWR executed a contract with ERock and three related site use agreements with MID, TID, and Lodi, respectively, to secure new emergency and temporary power generators to support electric grid reliability during extreme events as shown in Table 2 below. Site studies, engineering design, equipment procurement activities, site certification, permitting, and project management activities began in Q4 2022. These new emergency resources are contracted to operate until 2027 to support electric grid reliability during extreme events.

As noted in the *Contracted Program Support, Professional and Technical Services, and Equipment* section, DWR voluntarily undertook environmental studies, surveying, environmental analysis, tribal consultation, and engagement with the local air pollution control districts to support the three new ERock facilities.[3] Moreover, ERock's proprietary technology, similar to the asset's technology contracted by DWR, has met CARB's Distributed Generation (DG) Certification Program requirements.[4] The DG Certification Program certifies

[1] Previously doing business as Linda Rogers & Associates, Inc.
[2] Previously doing business as Ulteig Engineers, Inc.
[3] "Environmental Documents" for the City of Lodi, Modesto Irrigation District, and Turlock Irrigation District are available at: https://water.ca.gov/Programs/Statewide-Energy-Office.
[4] California Air Resources Board. Executive Order DG-052. *Distributed Generation Certification of Enchanted Rock LLC NGE21.9L-CA Generator*. Viewed online at: https://ww2.arb.ca.gov/sites/default/files/2022-05/DG-052.pdf. Accessed: Feb. 1, 2023.

electrical generation technologies that are exempt from the permit requirements of air pollution control or air quality management districts.

Table 2: Emergency and Temporary Power Generators > 5 MW

Counterparty	Site Name	MW	Committed Funds	Disbursed prior to 10/1/25	Disbursed 10/1/25 – 2/28/26	Total Disbursed as of 2/28/26
ERock	City of Lodi	48	$113,832,881	$92,615,895	$3,620,379	$96,236,274
	Modesto Irrigation District	48	$104,418,556	$84,048,195	$3,513,295	$87,561,490
	Turlock Irrigation District	47	$115,706,405	$88,581,236	$3,438,599	$92,019,835
	Total	**143**	**$333,957,842**	**$265,245,326**	**$10,572,273**	**$275,817,599**

V. Extended Operations of Retiring Facilities

Pursuant to Water Code Section 80710, subdivision (b)(1)(A), DWR sought to fund, reimburse, or compensate the owners of electric generating facilities pending retirement for costs, expenses, or financial commitments incurred to retain future availability. Table 3 below summarizes five such agreements executed to retain existing resources while load-serving entities are actively pursuing clean energy resources, which may be negatively affected by tariffs and other challenges, to meet traditional planning requirements.[5]

[5] Kootstra, Mark, and Nathan Barcic (CPUC). 2023. Joint Agency Reliability Planning Assessment. California Energy Commission. Publication Number: CEC-200-2023-002.

Table 3: Extended Operations of Retiring Facilities

Counterparty	MW	Committed Funds	Disbursed prior to 10/1/25	Disbursed 10/1/25 – 2/28/26	Total Disbursed as of 2/28/26
CSUCI	27.5	$23,000,000	$7,916,354	$838,663	$8,755,017
AES - Alamitos	1,141.2	$528,616,081	$284,176,203	$54,596,427	$338,772,630
AES - Huntington Beach	226.8	$105,799,596	$63,982,897	$11,501,024	$75,483,921
GenOn – Ormond Beach	1,491.3	$558,011,387	$270,510,661	$67,365,469	$337,876,130
PG&E*	-	$75,000,000	$52,488,868	$0	$52,488,868
Total	**2,886.8**	**$1,290,427,064**	**$679,074,983**	**$134,301,583**	**$813,376,566**

*Capacity for PG&E's contract is not considered part of the ESSRRP portfolio.

California State University Channel Islands (CSUCI)

In 2020, California State University Channel Islands (CSUCI) submitted a retirement notice to the California Independent System Operator (CAISO) but was ultimately retained by the CAISO to address local reliability needs.[6] Later in August 2022, the CAISO noted that the unit was no longer needed for local electric reliability.[7] Under the authority provided by Water Code Section 80710, subdivision (b)(1)(A), DWR entered into an agreement with CSUCI to ensure the facility remained online from January 1, 2023, through 2027 to retain 27.5 MW under the ESSRRP portfolio.

AES Alamitos, AES Huntington Beach, and GenOn Ormond Beach

On September 30, 2022, the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) recommended to the State Water Resources Control Board (SWRCB) to extend the compliance date of a number of once-through cooling (OTC) natural gas fueled electric generation facilities from

[6] Millar, Neil. 2020. *Decision on reliability must-run designations for Greenleaf II Cogen, Channel Islands Power and E.F. Oxnard Incorporated.* California Independent System Operator. Viewed online at: https://www.caiso.com/Documents/Decision-ReliabilityMust-RunDesignations-Memo-Mar2020.pdf. Accessed: Feb. 1, 2023.
[7] Millar, Neil. 2022. *Decision on conditional approval to extend existing reliability must-run contracts for 2023.* California Independent System Operator. Viewed online at: http://www.caiso.com/Documents/DecisiononConditionalApprovaltoExtendReliabilityMust-RunContracts-Memo-Aug2022.pdf. Accessed: Feb. 1, 2023.

December 31, 2023, to December 31, 2026, in order to include these facilities in the ESSRRP portfolio.[8] The SACCWIS, which includes the CAISO, CEC, and California Public Utilities Commission (CPUC), recommended compliance extension for the following units: Alamitos Units 3, 4, and 5 (1,141.2 MW), Huntington Beach Unit 2 (226.8 MW), and Ormond Beach Units 1 and 2 (1,491.3 MW). The SACCWIS explained that "[e]nabling DWR to contract with existing resources will allow the state to address [electric grid] reliability concerns and populate the Strategic [Reliability] Reserve more expeditiously and with more certainty while it works to secure additional resources."[9] Furthermore, the CAISO, CEC, and CPUC clarified that resources would not be considered resource adequacy resources since that "would lead to increased use of once through cooling as well as increased air emissions, which AB 205 seeks to limit."[10] Instead, the OTC "resources will only be called upon to support grid operations during extreme events (including any maintenance or test events recommended by and coordinated with the CAISO)."[11] Otherwise, these resources will remain offline. The SWRCB unanimously voted to extend the OTC compliance period to December 31, 2026, at its August 15, 2023, Board meeting.[12] Without SWRCB action, these resources with a combined capacity of 2,859.3 MW[13] would have retired by December 31, 2023, in order to comply

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[8] Statewide Advisory Committee on Cooling Water Intake Structures. 2022. *2022 Special Report of the Statewide Advisory Committee on Cooling Water Intake Structures.* Viewed online at: https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/saccwis/docs/20221108-final-report.pdf. Accessed: Feb. 1, 2023. and Tesfai, Leuwam, et al. 2022. "Use of the Once-Through Cooling Power Plants in the Strategic Reserve." Viewed online at: http://www.caiso.com/Documents/Nov30-2022-JointLetter-CaliforniaStateWaterResourcesControlBoard-Use-Once-ThroughCoolingPowerPlants-StrategicReserve.pdf. Accessed: Feb. 1, 2023.

[9] Statewide Advisory Committee on Cooling Water Intake Structures. 2022. *2022 Special Report of the Statewide Advisory Committee on Cooling Water Intake Structures*, pg. 15. Viewed online at: https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/saccwis/docs/20221108-final-report.pdf. Accessed: Feb. 1, 2023.

[10] Tesfai, Leuwam, et al. 2022. "Use of the Once-Through Cooling Power Plants in the Strategic Reserve." Viewed online at: http://www.caiso.com/Documents/Nov30-2022-JointLetter-CaliforniaStateWaterResourcesControlBoard-Use-Once-ThroughCoolingPowerPlants-StrategicReserve.pdf. Accessed: Feb. 1, 2023.

[11] *Ibid*.

[12] State Water Resources Control Board. 2023. *Resolution No. 2023-0025: Amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling to Revise Compliance Schedules for Alamitos, Huntington Beach, Ormond Beach, and Scattergood Generating Stations, and Diablo Canyon Nuclear Power Plant.* Viewed online at: https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2023/rs2023-0025.pdf. Accessed: Sep. 1, 2023.

[13] Based on net qualifying capacity as determined by the CAISO.

with OTC policy.[14] DWR executed separate agreements with AES Alamitos LLC, AES Huntington Beach LLC, and GenOn Ormond Beach Power, LLC. The term of all three contracts is from January 1, 2024, through December 31, 2026. SWEO staff collaborated with the CPUC, CEC, and CAISO staff to negotiate the agreements which added the OTC facilities to the ESSRRP portfolio to support electric grid reliability during extreme events. These assets support California's electric grid reliability as California is taking action to accelerate the deployment of clean energy resources. Costs incurred for AES Alamitos, AES Huntington Beach, and GenOn Ormond Beach during the reporting period largely reflect capacity payments for each unit's availability, which began January 1, 2024.

On November 7, 2025, the State Lands Commission extended a lease amendment for an intake and discharge conduit associated with the GenOn Ormond Beach facility until December 31, 2026.[15]

On December 31, 2025, the Time Schedule Order (TSO) associated with AES Alamitos' National Pollutant Discharge Elimination System (NPDES) permit expired. As such, maximum generation from the power plant may be reduced to meet the requirements of the NPDES permit, such as high outfall water temperature restrictions, especially between May and October 2026. DWR will track the impact of any temperature restrictions and reduce the capacity-based payment accordingly.

Pacific Gas & Electric

The last agreement listed in Table 3 is with PG&E, the owner and operator of the Diablo Canyon Power Plant (DCPP), which had been scheduled for decommissioning on November 2, 2024 (Unit 1) and August 26, 2025 (Unit 2). DWR's agreement with PG&E allows for the procurement of fuel purchases, spent fuel management, and other costs necessary to maintain the option of

[14] California State Water Resources Control Board. 2021. *Amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling.* Viewed online at: https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/docs/otc_policy_2021/otc_policy.pdf. Accessed: Feb. 1, 2023.

[15] State Lands Commission. 2025. "November 7, 2025 Special Meeting Highlights." Viewed online at: https://www.slc.ca.gov/commission-meeting-highlights/november-7-2025-special-meeting-highlights/. Accessed: Mar. 30, 2026.

extending operations for DCPP. This agreement was executed pursuant to AB 205 (Committee on Budget, Chapter 61, Statutes of 2022). Subsequently, in September 2022, Senate Bill (SB) 846 (Dodd, Chapter 239, Statutes of 2022) was signed into law to preserve the option of continued operations at DCPP to improve statewide electric reliability and reduce greenhouse gas (GHG) emissions while additional renewable and zero-carbon resources are built. DCPP supplies approximately 17 percent of California's zero-carbon electricity supply and 8.6 percent of California's total electricity supply. SB 846 found that actions to extend DCPP's operations for a renewed license term are prudent, cost effective, and in the best interests of all California electricity customers. SB 846 established the Diablo Canyon Extension Fund overseen by DWR, as well as milestones and criteria for PG&E and various state agencies to extend the operating life of DCPP for another five years to no later than October 31, 2030. DWR's agreement with PG&E under AB 205 is separate from SB 846's loan agreement funded by the Diablo Canyon Extension Fund. On April 2, 2026, the United States Nuclear Regulatory Commission issued a renewed license for DCPP.[16]

[16] Federal Register / Vol. 91, No. 65 / Monday, April 6, 2026 / Notices pages 17310 to 17312. Viewed online at: https://www.govinfo.gov/content/pkg/FR-2026-04-06/pdf/2026-06641.pdf Accessed: Apr. 6, 2026.