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March 25, 2026

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

RE: Public Input Requested on *Working Concepts in Transmission Financing and Ownership* Pursuant to Assembly Bill 3264 and Public Utilities Code Section 913.10.

The Union of Concerned Scientists ("UCS") appreciates the opportunity to submit these comments on the Working Concepts in Transmission Financing and Ownership report released by the California Public Utilities Commission (CPUC) on March 11, 2026.

In these comments, UCS responds to select questions posed in the paper.

Transmission Ownership Structures

1. Are there publicly available studies that provide insights on overall cost savings for ratepayers attributable to the various ownership models?

Clean Air Task Force and Net-Zero California released a report¹ that assesses the cost savings of alternative financing and ownership models. The report shows that a Public-Private Partnership (Lease) model could produce up to 57 percent cost savings compared to the traditional Investor-Owned Utility (IOU) financing model. These cost savings are driven by access to low-cost public debt replacing equity, competitive solicitation, reduced taxes via public ownership, and efficiency from private operations and maintenance. Other financing approaches, including a Wholly Public and a Public-Private Partnership (Concession) model, produce 54 percent and 25 percent savings, respectively. This modeling suggests there is potential for ratepayer savings of up to \$3 billion per year through alternative transmission financing models.

Additionally, there are examples² of alternative financing and ownership models providing additional benefits to local host communities. Citizens Energy partners with utilities to finance transmission lines and shares its profits with the low-income and disadvantaged communities hosting the projects. While these projects are not intended to lower rates, Citizens Energy committed half of its profits to disadvantaged communities and low-income ratepayers in the area through community programs. This non-IOU model ownership

¹ Clean Air Task Force, Net-Zero California. "Wired for Savings: Evaluating the Impact of Alternative Transmission Financing and Development Models on California Ratepayers." October 31, 2024.
<https://www.catf.us/resource/wired-for-savings/>

² Pavia, Nicole, Manitus, Natalie, Kurland, Adam. Clean Air Task Force and Environmental Defense Fund. "Beyond the Wires: Sunrise Powerlink & Sycamore-Peñasquitos Transmission Projects." November 2025.
https://cdn.catf.us/wp-content/uploads/2025/11/07155252/final-EDF-CATF_SunriseSycamore-Report.pdf

structure showcases a more equitable path in California's clean energy transition by allowing local communities to share in the profits of clean energy infrastructure development.

2. Are there public sources that provide evidence of savings related to competitively bid projects versus projects that default to incumbent investor-owned utilities?

The Brattle Group's 2019 report³ found that competitive solicitation reduced transmission project capital costs in the California Independent System Operator (CAISO) by an estimated 29 percent from 2013 to 2019, and an estimated 40 percent nationwide. This suggests there is potential for significant additional savings when considering how few projects are open to competitive solicitation in CAISO. In the 2024-2025 Transmission Planning Process, only 2 out of 31 projects were eligible for competitive solicitation.

Additionally, opening transmission projects to competitive solicitation allows for developers to integrate other mechanisms that mitigate project cost overruns. For example, cost caps and other cost containment measures can be implemented in competitive solicitation proposals to reduce the risk of cost overruns being passed on to ratepayers.

The California Public Advocates Office similarly released an analysis⁴ that noted additional benefits of competitively bid projects including improved cost transparency and incentivizing transmission projects that are larger and potentially more cost-effective. Allowing more projects to be available for competitive solicitation drives developers to work towards more cost competitive proposals whether in initial capital costs or accountability mechanisms that reduce cost risks to ratepayers.

Finally, given the significant delays currently occurring from transmission projects under the IOU model⁵, allowing more projects to be available for competitive solicitation can ease the work burden on IOUs and bring in new resources from public and independent sources. This could spur the much-needed development of more transmission capacity, which would ultimately benefit Californians through speedier access to low-cost renewable resources.

Potential Options for Achieving Transmission Cost Savings

5. At what scale have certain financing solutions been used? What are the constraints, opportunities, risks, and/or tradeoffs of scaling up other kinds of financing?

The power grid is in a transformative period as increases in electricity demand and the high integration of renewable energy is contributing to the need for more grid infrastructure.

³ Pfeifenberger, Johannes P., Judy Chang, Akarsh Sheilendranath, J. Michael Hagerty, Simon Levin, and Wren Jiang. The Brattle Group. "Cost Savings Offered by Competition in Electric Transmission: Evidence on Cost Savings to Date and the Potential for Additional Customer Value." December 11, 2019. <https://www.brattle.com/insights-events/publications/cost-savings-offered-by-competition-in-electric-transmission/>

⁴ California Public Advocates Office. "Competitive Solicitation in Transmission Line Development Lowers Ratepayer Costs and Decreases Delays." June 9, 2023. <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/competitive-solicitation-in-transmission-line-development>.

⁵ Yang, Vivian. Union of Concerned Scientists. "Understanding California's Transmission Development Delays and Paths to Reform." July 8, 2025. <https://www.ucs.org/resources/understanding-californias-transmission-development-delays-and-paths-reform>

Traditional financing solutions involving defaulting to the investor-owned utilities are no longer keeping up with the evolving grid. While the implementation of new financing solutions to improve transmission development has been rather limited, there is growing traction around partnership solutions.

The abovementioned Citizens Energy model has similarly been applied to the Morongo Band of Mission Indians (MBMI)'s Morongo Transmission, allowing it to be a Participating Transmission Owner in the CAISO. Working with Southern California Edison (SCE), this partnership allows the tribe to earn revenue from the transmission line and share proceeds with the community. In return, MBMI provided faster permitting and project certainty for SCE to upgrade the transmission line on Morongo land. Morongo Transmission additionally financed their share of the project using 100 percent debt financing as opposed to the traditional 50-50 debt and equity financing. While this financing structure carries risks that could be difficult for other transmission developers, partnerships create opportunities for entities to bring different financing mechanisms and increased community buy-in to the transmission development process.

Both Citizens Energy and Morongo Transmission showcase the types of innovation that can happen through partnerships that allow for more financing options, improved permitting timelines, and the development of more equitable clean energy infrastructure. Scaling up these types of partnerships can help improve the processes by which they happen and continue to set precedent for alternative financing and ownership structures of transmission.

Considerations for Implementation

9. Please comment on feasibility of either of these models for California. Please specify barriers and the structural elements that would have to exist for the model to develop transmission at lower costs.

A new entity in California that has similar authority to New Mexico's Renewable Energy Transmission Authority (RETA) may be difficult to replicate given the amount of time it would take to build up the organizational infrastructure, including creditworthiness as noted in the working paper. Given there are many entities in California that can already issue revenue bonds, giving an existing entity the authority to own projects could accelerate implementation and still reap many of the cost savings benefits of alternative financing options. Additionally, many of the other benefits provided by RETA, such as transmission planning, are already served by other California entities, decreasing the benefits of creating an entirely new entity.

Public-private partnerships can develop transmission at lower costs leveraging where the public and private sector each perform the best. For example, public entities have access to low-cost public debt, which can replace higher-cost equity in the private sector, and public ownership can reduce taxes. On the other hand, the private sector is more efficient and knowledgeable at developing, operating, and maintaining infrastructure. Ensuring that these elements are built into the financing and ownership structure can support lower overall costs.

Finally, both ownership models must be clear about the allocation of risk, especially around wildfire liability. As wildfire liability has become an increasingly important issue in California, alternative ownership models of transmission should also be an opening to discuss alternative wildfire liability structures.

UCS thanks the CPUC for their consideration of these comments.

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