



March 25, 2026

VIA ELECTRONIC MAIL

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: txfinancing@cpuc.ca.gov

Dear Executive Director Tesfai,

Clean Power Alliance of Southern California (CPA) is pleased to offer the following responses to your March 11, 2026 letter seeking input on the Commission’s *Working Concepts in Transmission Financing and Ownership* paper (Concept Paper).

As a governmental entity whose customers are directly impacted by transmission-related costs, CPA has a unique perspective as it relates to Transmission Financing and Ownership structures. CPA offers the following responses to the questions posed within the Concept Paper.

I. Transmission Ownership Structures

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

The October 2024 Policy Report from Berkeley Law’s Center for Law, Energy, & the Environment *Improving Transmission Financing in California; Alternative Models and Policy Strategies to Increase Affordability*¹ offers insights in this area. Specifically, the report notes in Appendix B that the Path 15 upgrade project structure where The Western Area Power Authority (WAPA), a public entity, was the lead federal agency for NEPA review resulted in a lower cost and accelerated in service date for the transmission project.

Additionally, the report highlights the unique West of Devers project that created the first Native American tribe as a Participating Transmission Operator (PTO), reducing costs by an estimated \$500 million via a streamlined route through reservation land.

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The California Public Advocates Office's (PAO) May 16, 2023 report *Public Investment in Infrastructure is a Promising Option to Support California's Energy Transition and Reduce Ratepayer Costs* found that net costs to ratepayers could be reduced by about 25% using public investment as compared to the current rate recovery process.²

The May 2024 report from DHInfrastructure and EE-Analysis *Public Sector Financing of Electricity Transmission Lines in California*³ estimated that California could save almost \$1.5 billion annually over a 40-year horizon as compared to utilizing the current IOU and private entity ownership structure in place today.

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 April 2019 Report from the Brattle Group *Cost Savings Offered by Competition in Electric Transmission; Experience to Date and the Potential for Additional Customer Value*. The report finds that expanding competitive solicitation projects could result in cost savings between 20-30%.

Additionally, the February 2024 Report from GridStrategies *Fostering Collaboration Would Help Build Needed Transmission*, highlights that collaboration among entities, including public entities, results in positive results and outcomes for transmission projects in general.

II. Potential Options for Achieving Transmission Cost Savings

3. *Are there publicly available case studies of a government entity financing and building electric infrastructure at lower cost compared to a private entity? Are there publicly available data about the scope of the project and its costs?*

Public agencies respond to solicitations and are awarded transmission projects in which cost is an important selection criteria, suggesting in those instances that the publicly backed projects were lower cost. For example, the New York Power Authority, in collaboration with the private sector developer New York Transco, was selected by New York Independent System Operator (NYISO) to develop Propel NY Energy, an 86 mile, 230 / 345 kV transmission project with an estimated cost of \$3.2 billion.⁴

¹ See <https://www.law.berkeley.edu/research/clee/research/climate/renewable-energy/financing-transmission/>

² See <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/public-investments-in-infrastructure>

³ See <https://www.netzerocalifornia.org/alternative-financing-and-development-of-transmission-in-california>

⁴ See <https://www.nypa.gov/Power/Transmission/Transmission-Projects>

4. *Are there publicly available case studies of a government entity financing an infrastructure project with the participation of private equity or other private sector financing, with public data about how the project financing costs were reduced because of the public-private partnership?*

The New Mexico Legislature created the New Mexico Renewable Energy Transmission Authority (NM-RETA) in 2007, which has led to numerous transmission projects that are currently operational and in development. This includes the SunZia transmission line, a collaboration between NM-RETA and Pattern Energy, which costs \$1.8 billion and primarily delivers power to California.⁵ NM-RETA also collaborated with Pattern Energy on developing the Western Spirit Transmission Project, which achieved operations in 2021, and was sold to Public Service Company of New Mexico.

The New York Power Authority (NYPA) along with New York Transco were selected and are currently developing the Propel NY Energy transmission project.⁵ The project will deliver at least 3,000 MW of Off-Shore wind power with an estimated total capital cost of \$3.26 billion.⁶ NYPA is planning to issue up to \$500 million of bonds to fund its portion of the project.⁷

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?*

CPA provides brief discussions on public financing authorities and joint power authorities, two legal structures and financing solutions that have been used in California to fund energy projects.

Public Financing Authorities (PFAs) are created by local governments for the purpose of issuing municipal bonds to fund community-based public benefit projects on behalf of local governments without contributing to state/local debt limits and without requiring voter approvals. PFAs such as the California Community Choice Financing Authority (CCCFA) could be used as conduit issuers of debt used to finance transmission projects. CCCFA has issued \$29 billion of tax-exempt bonds in the past five years to reduce electric costs for ratepayers.

Joint Powers Authorities

JPA's can be created and used as special purpose vehicles to own and finance transmission assets. Several public power entities have formed JPA's to assist with the development of energy infrastructure projects including generation and transmission.

⁵ See <https://www.propelnyenergy.com/overview>

⁶ See <https://www.nyiso.com/-/press-release-%7C-nyiso-board-selects-transmission-project-to-deliver-offshore-wind-energy>

⁷ See <https://emma.msrb.org/P21854488-P21419906-P21863369.pdf>

The Transmission Agency of Northern California (TANC) was set up by several Northern California public agencies to fund and develop the California Oregon Transmission Project, which is a 500kV transmission line that makes up one-third of the Pacific AC Intertie. The Southern California Public Power Authority (SCPPA) has financed several generation and transmission projects for its members. Those transmission projects include the Mead-Adelanto and Mead-Phoenix Projects, as well as the Southern Transmission System. SCPPA has developed almost 1,000 miles of 500kV interregional facilities, both alternating and direct current.

JPAAs can be financed using tax exempt debt and can be structured to limit some or all the obligations of the JPA from their JPA members.

6. How does tax liability for government entities differ from that of investor-owned utilities?

IOUs are subject to federal and state taxes on their net income. IOUs also raise capital in the equity and debt markets, and investors pay taxes on the dividends and interest they receive from the provided capital. An IOU's cost of capital includes cost recovery for income taxes. Public entities are not subject to income taxes, providing an opportunity for ratepayer savings.⁸ Public entities do not have shareholders, so do not pay dividends. Interest paid to investors on public entities' debt is generally not subject to federal and state income taxes and interest rates on non-taxable debt are typically lower than interest rates on taxable debt.

7. Are there publicly available examples of electric infrastructure project costs reduced because of any of: permitting exemptions or streamlining, meeting/ beating timelines, or incentive/penalty structures for the project lead?

In 2020, the New York Legislature passed the Accelerated Renewable Energy Growth and Community Benefit Act (AREGCBA) with the goal of streamlining renewable generation and transmission facilities to one year through a single state office.⁹ So far, only permits from generating facilities have been applied for and granted, though there could be transmission facilities in the pipeline as the agency is relatively newly established.

8. How does exposure to liability and other risk affect public utilities' willingness to own transmission?

⁸ See <https://www.ferc.gov/formula-rates-electric-transmission-proceedings-key-concepts-and-how-participate> providing an overview of a Utilities Cost of Service formula.

⁹ See <https://dps.ny.gov/ores>

Any utility building transmission projects, including public entities, must carefully evaluate and weigh the risk of a project. Ultimately, exposure to liability and other risks will impact the willingness of a public entity to own transmission. However, these risks are well understood and can be mitigated. Public entities can mitigate risk through a variety of measures including:

1. Governing structure: The governing structure itself (e.g. a JPA agreement) is meant to insulate all members of the entity to liabilities arising from the activities of the entity.
2. Selection of projects: Wildfire risks and other liability concerns can be mitigated through project selection. Wildfire risks associated with transmission projects vary significantly in relation to the extent to which the project passes through areas at risk of wildfires and their proximity to human settlement. Public entities must determine their appetite for wildfire risk depending upon the specific projects.
3. Selection of partners: Public entities can mitigate risk by selecting private sector firms with experience and expertise in the development, construction and maintenance of transmission projects. There are several non-IOU transmission developers in California. To date, they have taken a mixed approach of contracting the liability to project partners, and assuming the risk with insurance. These same approaches would be available to public entities developing transmission projects.
4. Risk mitigation programs: Public entities mitigate risk by developing and implementing risk mitigation programs including wildfire risk mitigation programs.
5. Insurance: Public entities can acquire private sector insurance for physical and wildfire risks. The availability and cost of wildfire insurance varies depending upon the project.

III. 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.*

CPA notes the Concept Paper largely focuses on existing State level entities (IBank and CAEATFA) in relation to the two models (PPP-BOT and Lease-Type PPP), however the Commission should consider other entities that can offer public financing as well, including Cities and Municipalities as well as entities created by such public entities such as JPAs. The feasibility of these models also depends on individual entities' agreed upon partnership and financing structures.

CPA believes that a Lease Type PPP structure could be used to reduce transmission project costs. CPA believes that a government agency could use a lease to establish ownership of a transmission asset for tax purposes and, provided certain conditions are met, issue tax exempt debt to finance a transmission project leased from a private entity. CPA believes that the structure used by Citizen's Energy in partnership with SCE and SDG&E can be broadly applied in a PPP-Lease structure.