



**INFORMAL COMMENTS OF ENVIRONMENTAL DEFENSE FUND  
IN RESPONSE TO COMMISSION STAFF INQUIRY ON  
TRANSMISSION FINANCING AND OWNERSHIP**

Environmental Defense Fund (EDF) respectfully submits the following informal comments to the California Public Utilities Commission (CPUC) staff in response to its request for stakeholder input on *Working Concepts in Transmission Financing and Ownership*: These comments are submitted in response to an electronic message sent on March 11, 2026 and are being collected in response to Assembly Bill 3264 (Petrie-Norris) and Public Utilities Code §913.10. Commission Staff posed a series of questions, and EDF appreciates the opportunity to respond. In addition to these direct questions, EDF also submits a copy of a report entitled “Beyond the Wires” which speaks to these topics.

**1. Transmission Ownership Structures**

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

EDF wants to highlight the role of robust and early community engagement as a significant source of cost savings for ratepayers, across several different ownership models. EDF, in partnership with Clean Air Task Force, authored a report entitled *Beyond the Wires: Community Benefits from Transmission Projects* that demonstrates that the most successful and timely transmission projects treat local communities as partners, not obstacles<sup>1</sup>. Examining six completed transmission lines across five states, the report finds that transmission developers who

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<sup>1</sup> “Beyond the Wires: Community Benefits from Transmission Projects | EDF,” November 10, 2025, <https://www.edf.org/beyond-wires-community-benefits-transmission-projects>.

engaged communities early and tailored benefits to local needs were significantly more likely to deliver projects on time and without costly litigation, generating significant ratepayer savings.

In these case studies, co-ownership models between a non-profit or local tribe and a utility were demonstrated to be an effective cost-avoidance tool. When communities have a stake in a project's success, local opposition diminishes and the permitting and siting processes that most commonly trigger delays (and additional costs stemming from those delays) are reduced and the overall process is more streamlined. In practice, this de-risked project development for utilities by building confidence in site approval and producing clearer timelines.

While various transmission ownership structures may be preferable depending on project-specific factors, EDF urges the Commission to work with the California Independent System Operator (CAISO) to reform the traditional "decide, announce, defend<sup>2</sup>" approach to transmission development. Early and meaningful community engagement is among the strongest determinants of whether a project stays on schedule and within budget.

EDF recommends that community benefits become a standard feature of transmission development, helping to align the incentives of developers, communities, and cost savings to ratepayers from the start.

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

A Brattle Group analysis estimated that competitive solicitation led to an estimated 29% reduction in transmission project capital costs in CAISO territory from 2013-2019<sup>3</sup>. Despite a growing collection of literature that cites ratepayer savings, 92% of California's transmission projects default to incumbent investor-owned utilities (IOUs), and the ones that are competitively

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<sup>2</sup> "Beyond the Wires." p.6

<sup>3</sup> Johannes Pfeifenberger, *Cost Savings Offered by Competition in Electric Transmission*, n.d.

bid are often won by the IOUs.<sup>4</sup> EDF supports reforms to the competitive solicitation process to encourage greater participation.

The Federal Energy Regulatory Commission's (FERC) Order 1000 established a framework for competitive transmission planning and procurement, finding that competition can spur savings on cost and technological innovation. However, FERC order 1000 eliminated the Federal right of first refusal (ROFR) only for regional projects, leaving incumbent utilities with a preference under the local planning process. The CPUC expressed that, "despite FERC's laudable intent, this action inadvertently created a perverse incentive that encouraged incumbent IOUs to concentrate transmission investment in local transmission facilities to avoid competition<sup>5</sup>."

While further invoking a ban on the ROFR to local projects may be beyond the Commission's jurisdiction, the Commission should work with CAISO to examine ways in which it can increase participation in existing competitively bid projects. A barrier for Participating Transmission Owners (PTOs) is a lack of data access. Without sufficient metrics, PTOs face inherent risk in entering the solicitation process. EDF suggests that the Commission examine how asymmetric access to relevant data discourages participation in the competitive solicitation process.

EDF also encourages the Commission to work with CAISO to expand the scope of competitive solicitation where possible. Lowering the voltage threshold of 200kV for its competitive solicitation process will allow for additional projects to qualify. For example, Southwest Power Pool (SPP) and New England ISO (ISO-NE) allow projects 100kV and above to be eligible for competitive solicitation, and New York ISO (NYISO) does not have a threshold<sup>6</sup>. EDF believes

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<sup>4</sup> "Competitive Transmission: Experience To-Date Shows Order No. 1000 Solicitations Fail to Show Benefits," *Concentric Energy Advisors*, n.d., accessed March 24, 2026, <https://ceadvisors.com/publication/competitive-transmission-experience-to-date-shows-order-no-1000-solicitations-fail-to-show-benefits/>.

<sup>5</sup> "Revisiting FERC Order No. 1000 Should Maximize Investment in Regional Transmission Infrastructure - Helen Kemp • Environmental, Natural Resources, & Energy Law • Lewis & Clark," accessed March 24, 2026, <https://law.lclark.edu/live/blogs/178-revisiting-ferc-order-no-1000-should-maximize>.

<sup>6</sup> The Public Advocates Office, "Competitive Solicitation in Transmission Line Development Lowers Ratepayer Costs and Decreases Delays," June 9, 2023, <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/230609-caladvocates-increasing-competitive-solicitation-in-transmission.pdf>.

there are areas to expand eligibility which would increase the potential savings to California ratepayers.

## **2. Potential Options for Achieving Transmission Cost Savings**

*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*

EDF highlights the Colorado Electric Transmission Authority (CETA) as an instructive model for California to consider. CETA is an independent political subdivision of the state of Colorado, created by the state legislature in 2021. Its structure and authority offer several features that California could model.

CETA's defining feature is its diverse financing toolkit<sup>7</sup>, which enables it to leverage public and private financing transmission infrastructure:

- CETA can issue bonds backed by the state's credit, enabling it to access lower-cost capital than many private developers
- CETA is authorized to enter public-private partnerships (P3s), which allows it to combine public financing with private sector expertise and capital
- CETA has the flexibility to structure deals that shift construction and operational risk to private partners while retaining ownership of the infrastructure.

EDF recommends the Commission explore whether a comparable public financing entity could be established. EDF suggests that it might be the most expedient to start with an existing financing authority such as California Alternative Energy and Advanced Transportation Financing Authority (CAETFAs) to be given additional statutory authority. Alternatively, a new entity with dedicated focus to transmission could be established by the legislature. Either way, the financing authority could be used to reduce transmission costs and advance the state's

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<sup>7</sup> *Strategic Use of Public Revenue Bonding Authority to Accelerate Transmission Development*, December 31, 2025, <https://policycommons.net/artifacts/42145324/strategic-use-of-public-revenue-bonding-authority-to-accelerate-transmission-development/43044383/>.

infrastructure goals. However, it is important that if the state builds out a similar model to what Colorado has established, that it ensures it has the expertise to move projects forward efficiently. Transmission projects should not be delayed setting up this model, and the process should be developed in parallel with other reforms.

Finally, EDF notes that traditional rate-of-return regulated utility financing can be more expensive because the utility is granted by FERC a higher cost of capital compared to other more competitive options. In general, EDF notes that IOUs with strong credit ratings and healthy balance sheets can access the capital markets more efficiently, which benefits ratepayers through lower financing costs. As the Commission is considering ways to lower costs, it should acknowledge that the IOUs are the dominant transmission owners in the state and therefore securitizing their financial position by improving their credit quality is in the direct interest of ratepayers.

*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?*

The Commission should recognize that project delays directly result in cost overruns, and those cost overruns are directly passed onto ratepayers, not the developers. A recent report from Grid Strategies quantifies how delays in large-scale transmission impose significant costs on consumers:

“Based on a review of eight benefit-cost studies for transmission portfolios across the country, the report finds that for every \$1 billion investment in well-planned, large-scale transmission that is delayed, it costs consumers approximately \$150 million to \$370 million in lost net benefits for each year of delay<sup>8</sup>.”

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<sup>8</sup> WIRES Group, “Delaying Transmission Increases Costs and Reduces Benefits for Consumers,” *Wires Group*, November 12, 2025, <https://wiresgroup.com/delaying-transmission-increases-costs-and-reduces-benefits-for-consumers/>.

EDF believes that the path to cost reduction lies in greater certainty and longer-horizon planning. The more certainty that can be injected into the permitting conversation will result in clearer timelines, and ultimately more cost savings in a transmission project. EDF notes that long-horizon transmission planning also creates cost certainty. When utilities and developers have a clear view of what infrastructure will be needed over 20 or more years, they can plan and procure more efficiently, reducing costs associated with reactive development. FERC Order 1920 mandates longer-horizon planning. EDF urges the Commission to work with CAISO to align California's transmission planning process with this federal framework.

FERC Order 1920 also requires transmission planners to consider Advanced Transmission Technologies (ATTs), including dynamic line ratings, advanced power flow control devices, and advanced conductors when assessing transmission needs.

Grid Enhancing Technologies (GETs) represent an easily deployable, cost-effective way to relieve transmission constraints. A study by the Brattle Group and the WATT Coalition found that GETs can deliver equivalent or greater capacity increases at 10 to 30 percent of the cost of conventional reconductoring or new line construction<sup>9</sup>.

Despite SB 1006, which requires the electric utilities to study feasibility of using GETs in their transmission upgrade projects, and despite demonstrated cost savings, IOUs have a structural incentive to underuse GETs. The IOUs' rate base is based on total capital expenditure, not on operational efficiency. Additional capacity by adding new infrastructure on existing rights-of-way is more attractive to IOUs because they generate a new asset that earns a rate of return. Making GETs the default for existing rights-of-way would directly limit the growth of the asset base and reduce excess ratepayer-funded returns.

In Application 25-05-009, the Pacific Gas and Electric Company (PG&E) General Rate Case (GRC) Phase 1, EDF recently submitted comments<sup>10</sup> in response to an ALJ Ruling considering actual vs. authorized rates of return. EDF expressed concern that California utilities' market

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<sup>9</sup> Bruce Tsuchida, *Unlocking the Queue with Grid Enhancing Technologies*.

<sup>10</sup> "A. 25-05-009: EDF's Response to Assigned Commissioner's Second Amended Scoping Memo and Ruling," <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M602/K347/602347560.PDF>.

values are far exceeding their book values, which signals ratepayers are overpaying<sup>11</sup> compared to other similarly situated electric utilities in the country. Exhibit A illustrates that California IOU earnings are not well aligned with ratepayer interests.

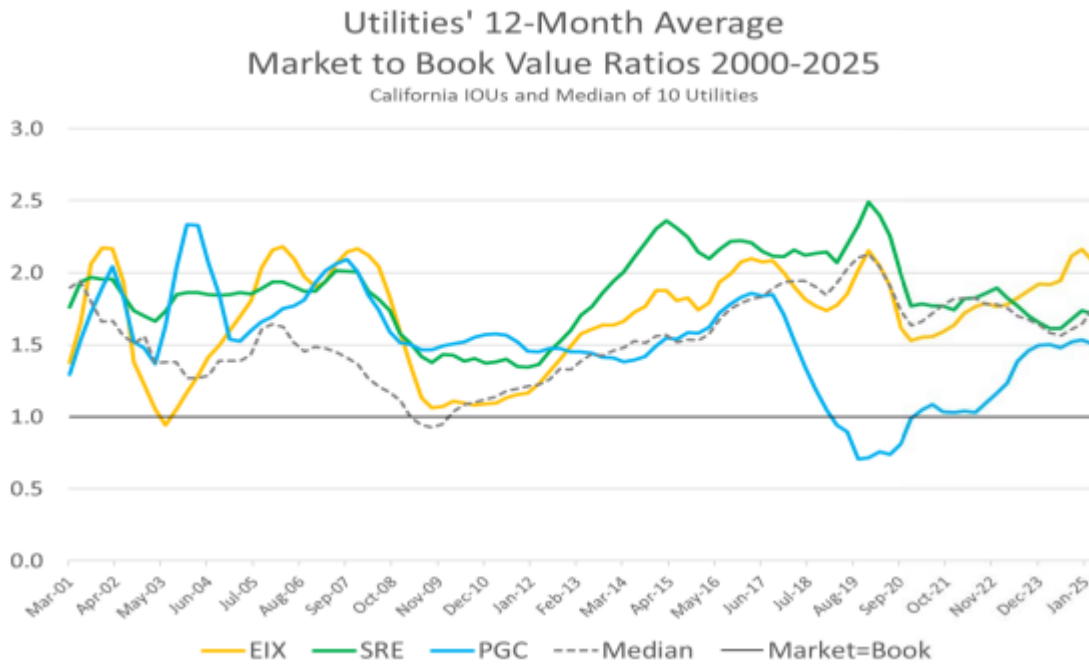


Exhibit A

EDF notes that the result is a planning process that embeds a bias toward conventional solutions. GETs are currently evaluated after a project need has been identified and after a conventional solution has been assumed. By the time an additional line on an existing right-of-way has been sited, the planning process has already treated the new infrastructure as the answer. GETs are evaluated against a conventional solution that was never required to justify its cost or necessity, which ends up placing the burden of proof on the cheaper option while the more expensive one goes unchallenged.

For existing right-of-way constraints, this framework should invert to a “GETs-first, justify the deviation” standard. The burden of proof should fall on incumbent utilities or intervenors to demonstrate why a conventional upgrade is more appropriate, not on proving that a GET is

<sup>11</sup> “A. 25-05-009: EDF's Response to Assigned Commissioner’s Second Amended Scoping Memo and Ruling,” n.d., <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M602/K347/602347560.PDF>.

acceptable. EDF encourages the Commission to work with CAISO to consider this approach to deploy grid solutions quickly and affordably.

EDF thanks the Commission for seeking public input on the Concept Paper and looks forward to the publication of the final report.

Respectfully Submitted on March 25, 2026,

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