Sonoma Clean Power Authority
Submitted to txfinancing@cpuc.ca.gov on March 25, 2026

Sonoma Clean Power

I. Introduction

Sonoma Clean Power Authority ("SCP") appreciates this opportunity to provide feedback on the California Public Utilities Commission staff's thoughtful concept paper "Working Concepts in Transmission Financing and Ownership", issued March 11th, 2026.

SCP is the public power provider for customers in Sonoma and Mendocino Counties, serving a population of nearly a half-million citizens. SCP is the only power provider in California offering a 100%, 24/7 renewable energy product generated purely from within its service territory. SCP is a not-for-profit public agency, independently run by the participating Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor, and the Counties of Sonoma and Mendocino.

A central tenet of SCP's mission is to provide clean, renewable energy at competitive rates. As ratepayer advocates focused on affordability, SCP strongly supports this evaluation of achieving transmission cost reductions through augmented ownership structures and utilization of competition.

II. Responses to Question Posted in Concept Paper

A. Transmission Ownership Structures

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

Yes, there are multiple publicly available studies demonstrating cost savings achieved as a result of augmented ownership models. Focusing on those produced recently and/or in California, the DH Infrastructure & EE Analysis quantifies the potential ratepayer savings of alternative transmission financing and development models compared to investor-

owned-utility ("IOU") financing and development. It concluded that ratepayers would enjoy significant cost savings when financing, developing, and operating transmission infrastructure via public ownership as well as through two public-private-partnership ("PPP") frameworks. The study found significant savings of 57% ($60 billion in California) in a PPP-lease scenario and 54% savings under full public ownership.[1]

It is widely recognized that electricity inflation has exceeded Consumer Price Index ("CPI") inflation for years. However, equally critical to note is that the resulting energy insecurity disproportionately impacts marginalized populations. Nearly 1 in 3 low-income U.S. households resorting to tolerating unsafe and unhealthy indoor temperatures for at least one month of the year due to lack of affordability.[2] Of households that receiving bill-assistance, 31% had someone with a disability, 29% someone over 60 years old, and 20% had a veteran.[3]

As noted in the staff paper, transmission infrastructure upgrades and improvements to existing infrastructure are typically left to incumbent IOUs, which removes a potential opportunity for additional ratepayer savings and risk reduction. The State could consider directing IOUs, especially those with poor credit or otherwise under financial duress, to issue requests-for-offers ("RFOs") to solicit interest from public or private entities interested in completing the upgrades and improvements as well as purchasing transmission infrastructure outright. Such transactions could alleviate IOUs of potential liabilities incurred on specific lines while also providing up-front capital for utilities in financial distress.

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

[1] DH Infrastructure Economics & Finance and EE-Analysis, "Public Sector Financing of Electricity Transmission Lines in California," May 2024. Available online at: https://www.netzerocalifornia.org/alternative-financing-and-development-of-transmission-in-california
[2] LIHEAP, "A Light for Those in Need: LIHEAP Enters a Fifth Decade of Service," May 2022. Available online at: https://www.liheap.org/white-paper
[3] *Ibid.*

Yes. There are a host of examples across the United States most comprehensively detailed in the Electricity Transmission Competition Coalition's analysis cited in the staff paper per FERC Order 1000 between 2021-2025.[4] In addition to provide significant ratepayer savings, some of these projects are ahead of schedule, such as LS Power Grid's Manning Substation in Fresno County.[5]

B. 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?

Yes. There are documented successful cases of public entities ranging from local governments and tribes to the Federal level. In January of 2025, the Department of Energy announced conditional loan guarantees for 8 utilities across the U.S. These loans total $23 billion and are expected to reduce costs and improve access for nearly 15 million customers.[6]

A 2023 analysis by The Public Advocates Office estimated savings of $28 billion, or approximately 25%, when utilizing public financing.[7] These savings are driven by structural advantages in the public ownership model: lower cost debt offsetting equity and/or higher cost debt, tax free operations, elimination of shareholder profit requirements, and access to tax-exempt debt structures which allow for longer (30+) year amortization of the debt.

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[4] The Electricity Transmission Competition Coalition, "FERC Order 1000 Competitively Bid Transmission Projects 2021 – 2025 Ratepayer Savings & Benefits," Available online at: https://electricitytransmissioncompetitioncoalition.org/competitive-wins/

[5] Construction Owners Editorial Team, "LS Power Starts $200M Manning Substation in California," February 2026. Available online at: https://www.constructionowners.com/news/ls-power-starts-200m-manning-substation-in-california

[6] U.S. Department of Energy, "LPO's Latest Conditional Commitments Help Keep Power Affordable Through New Generation and Expanded Transmission for Utility Customers in Twelve States," January 2025. Available online at: https://www.energy.gov/edf/articles/deal-digest-lpos-latest-conditional-commitments-help-keep-power-affordable-through-new

[7] California Public Advocates Office, "Public investment in infrastructure is a promising option to support California's energy transition and reduce ratepayer costs," May 2023. Available online at: https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/230516-caladvocates-public-investment-in-infrastructure.pdf

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?**

Yes, governments outside of the US have used PPP structures to finance, develop, operate, and maintain both new and existing transit systems for nearly three decades.[8] Several large-scale examples include:

- British Colombia's Canada Line Light rail, a design-build-finance-operate PPP structure with a private developer paid based on performance; it was completed on budget and ahead of schedule.
- London Underground upgrade and maintenance, a finance-operate-maintain PPP with the private developer paid based on performance and the government remaining responsible for train operation and station management.
- City of Bogota's rapid transit bus system, a finance-operate-maintain structure with the private financier assuming 100% of ridership risk and paid based on performance and the city maintaining responsibility for investment, construction, planning, and oversight.
- City of Melbourne's Southern Cross Station, a rail transit upgrade and expansion financed by a special purpose vehicle sponsored by the State of Victoria.

While the examples above relate to transportation infrastructure, the principle of utilizing public sector involvement to reduce the risk profile and corresponding required returns of private equity is well documented.

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?**

[8] U.S. Department of Transportation, "Foreign Public Private Partnership Case Study Analysis Report," September 2009. Available online at: https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/funding-finance-resources/private-sector-participation/114921/ppp-foreign-case-studies-report-09152009.pdf

As noted in the response to #4 above, there are multiple examples of transactions above 1 billion dollars. Loan guarantees can serve as an effective instrument at reducing the up-front risks faced by transmission developers. These could help offset risks such as site acquisition, permitting, and interconnection delays by providing a financial backstop.

The scale of public financing mechanisms already deployed is substantial. The DOE Loan Programs Office has issued or conditionally committed over $50 billion in energy infrastructure financing since 2022. Tax-exempt municipal bond markets routinely finance infrastructure at multi-billion-dollar scales; the California Infrastructure and Economic Development Bank (IBank) and similar state-level entities have issued billions in low-cost debt for public infrastructure. Green bond markets have expanded rapidly, with global issuance exceeding $500 billion annually, providing access to patient capital at competitive rates for qualifying clean energy transmission projects.

Community Choice Aggregators in California have access to a dedicated public financing mechanism through the California Community Choice Financing Authority (CCCFA), a joint powers authority established specifically to enable CCAs to issue tax-exempt bonds for energy infrastructure. CCCFA has already executed multiple large prepayment bond transactions, demonstrating that CCA-affiliated public entities can access capital markets at scale.

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

The lack of tax liability for government entities offers structural and durable advantages that lower the risk and required return. Tax-exempt bond issuances provide lower cost capital for deployment. This can also be combined with local government support for necessary zoning or permitting enhancements.

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?**

The CPUC Concept Paper identifies recent examples. In addition, SCP notes that enhancements to our transmission planning process could alleviate urgent need for additional transmission capacity and reduce the risk of resulting delays and corresponding financial impacts on ratepayers. California's affordability crisis is being compounded by scarcity of interconnection capacity for new clean generation and storage resources resulting in cancellations and increased interconnection upgrade costs.[9] A recent study by Princeton University's Zero Lab determined that increasing investments in transmission in the near-term could produce a twenty-fold increase in savings ($20 billion per year with an investment of less than $1b annually).[10]

To support realization of these savings, SCP and Peninsula Clean Energy are co-sponsoring legislation under consideration in the State Assembly (AB 2111, Papan), which would direct agencies to use risk-prudent (also known as Decision Making Under Uncertainty) evaluations of future transmission need. The intent of the legislation is to enable agencies to move forward on a least-regrets path instead of planning around a single "optimal" portfolio which is more likely to result in stranded transmission assets if the inputs and assumptions used in modeling do not accurately predict the future.

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

A recent study identified specifics characteristics of project that best leverage of public involvement: those with predictable and discrete scope, line of sight to permitting, and mechanisms for cost recovery.[11] This also provides for combining multiple benefits from

[9] Berkeley Lab, "Queued Up: Characteristics of Power Plants Seeking Transmission Interconnection," December 2025. Available online at: https://emp.lbl.gov/sites/default/files/2025-12/Queued%20Up%202025%20Edition%20-%2012.15.2025.pdf
[10] Princeton University Zero Lab, "Uncertainty-Aware Grid Planning in the Real World: A Method Enabling Large-Scale, Two-Stage Adaptive Robust Optimization for Capacity Expansion Planning," March 2026. Available online at: http://arxiv.org/abs/2603.00394
[11] UC Berkeley Center for Law, Energy, and the Environment (CLEE), "Improving Transmission Financing in California: Alternative Models and Policy Strategies to Increase Affordability", October 2024. Available online at: https://www.law.berkeley.edu/wp-content/uploads/2024/10/Improving-Transmission-Financing-in-California-CLEE.pdf

public involvement, such as reduced financing cost and increased ability to affect necessary permitting.

It also bears noting that in California, the public is already both explicitly and implicitly impacted by transmission risks. AB 1054 established the California Wildfire Fund and requires ratepayers to contribute half of the total $21 billion to be used for additional insurance protection.[12] This dynamic illustrates a fundamental tension: ratepayers already bear the financial consequences of transmission-related liability, but without the cost-control benefit that would come from public ownership. AB 1054 significantly socialized wildfire liability risk while leaving transmission ownership, and profits with the IOUs.

For public utilities and joint powers authorities considering transmission ownership, liability exposure is a genuine constraint but not an insurmountable one, as demonstrated by the widespread public ownership of transmission in California and through the country today. Several structural tools can address reduce liabilities, such as: (1) Limited liability entities — transmission assets can be held in special purpose entities or joint powers authorities that limit recourse to the sponsoring public agencies; (2) Insurance and indemnification pools — the California State Association of Counties and similar entities provide pooled liability coverage for public agencies; analogous structures could be developed for transmission-owning public entities; (3) Contractual risk allocation — in PPP structures, liability for operations and maintenance can be allocated to private partners while public entities retain ownership and financing advantages; and (4) Statutory limitations — the Legislature could establish liability caps or safe harbors for public transmission owners analogous to those provided to IOUs under AB 1054, recognizing the public benefit nature of the infrastructure.

III. Conclusion

[12] Assembly Bill 1054 (Holden, 2019). Available online at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1054

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SCP staff appreciate this opportunity to provide feedback on this critical effort to aid affordability by reducing costs of transmission. Please contact me with any questions or comments.

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