



**COMMENTS ON THE CPUC CONCEPT PAPER:
WORKING CONCEPTS IN TRANSMISSION FINANCING AND OWNERSHIP**

Submitted on Behalf of

THE UTILITY REFORM NETWORK

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On March 11, 2026, the CPUC released a concept paper addressing the requirements of AB 3264 (Petrie-Norris, 2024) and soliciting public comments. The Utility Reform Network (TURN) provides some general feedback and responds to selected questions in the concept paper in the following sections.

I. INTRODUCTION

TURN worked closely with the author of AB 3264 to develop the requirement for the Commission to produce a study that includes both findings and recommendations relating to options for using public financing to reduce the cost of electric transmission projects. Pursuant to Public Utilities Code §913.10, the study was due by July 1, 2025 and is likely to be approximately one year late. While the draft concept paper identifies various issues relating to transmission development issues and overall costs, it lacks any analysis of the quantitative benefits of using public financing. This type of analysis was intended to be the primary focus of the study under AB 3264.

TURN believes there are substantial potential ratepayer savings available from integrating public financing into transmission development. This view is based on the demonstrably lower cost of capital attributable to this approach. For example, a recent study by Net Zero California and the Clean Air Task Force finds savings of up to 57% under a public financing model as compared to ownership by an investor-owned utility.¹ The draft concept paper gives insufficient attention to these potential savings and instead offers the counterintuitive, and unsupported, claim that “alternative financing and ownership models may have limitations on effectively and meaningfully reducing costs.”²

¹ “Wired for Savings: Evaluating the Impact of Alternative Transmission Financing and Development Models on California Ratepayers”, Clean Air Task Force and Net Zero California (2024), page 5.

² Concept paper, page 1.

Consistent with the intent of the Legislature, and the plain meaning of the statutory language, TURN recommends that the final paper prioritize analyzing the specific elements of a public financing approach consistent with the changes enacted in SB 254 (Becker, 2025) that created a Transmission Infrastructure Accelerator and empowered the California Consumer Power and Conservation Financing Authority (CPA) to serve as a statewide transmission sponsor.³ In particular, the Commission should evaluate the potential role of a statewide public transmission entity like CPA that can issue tax exempt debt, contract for the construction and maintenance of new transmission infrastructure, and serve as the primary sponsor for new transmission projects subject to competitive bidding at CAISO.

Lower-cost, state debt financing⁴ would provide significant affordability benefits compared to the need for investor-owned utility shareholder equity returns⁵ especially considering the long depreciable lives of transmission assets and financing constraints currently facing the two largest California utilities. Some level of state transmission ownership would mitigate the significant level of investment capital utilities would need to obtain directly from the capital markets. Since PG&E and SCE already have book capital structures that are significantly more leveraged than CPUC authorized levels,⁶ state transmission ownership would and increase these utilities' financial flexibility and potentially their overall health. This is especially true given the potential for significant liabilities for SCE associated with recent wildfires. For example, PG&E

³ See SB 254 changes to Cal. Pub. Util. Code §3310, §3380.1, §3380.2, and §3384.

⁴ California large investor-owned utilities have credit ratings ranging from single A to triple B. By comparison, California General obligation bonds are more highly rated –currently rated AA, Aa2 and AA by Fitch, Moody's and S&P debt rating agencies respectively. (Source: California State Treasurer website, available at:

[https://www.treasurer.ca.gov/ratings/current.asp#:~:text=Since%20the%20credit%20rating%20is,shown%20below%20by%20debt%20type%3A\).](https://www.treasurer.ca.gov/ratings/current.asp#:~:text=Since%20the%20credit%20rating%20is,shown%20below%20by%20debt%20type%3A).)

⁵ As the CPUC notes out of roughly \$2 billion return on \$25 billion of transmission assets statewide, equity return makes 65% (\$1.3/\$2.0) of the associated IOU revenue requirement that must be funded by ratepayers. (Concept Paper, page 3).

⁶ TURN noted in the 2027 Cost of Capital proceeding (A. 25-03-010), that PG&E and SCE had an average equity ratio of 40% (D.25-12-043, page 8.) and 42% (D.25-12-043, pages 13-14) over the 2020-2024 period relative to FERC authorized equity ratios of 50% for both.

has remained capital constrained since emerging from bankruptcy and has repeatedly attempted to obtain investment capital through generation sales,⁷ transmission lease entitlements⁸ and “pre-funding loans” from potential data center customers.⁹

II. ANSWERS AND RESOURCES IN RESPONSE TO SELECTED QUESTIONS

Question 1 asks about publicly available studies that provide “insights” on cost savings under various ownership models.¹⁰ There are several such studies that should be incorporated into the concept paper. These include:

- “Evaluating the impacts from reducing equity in investor-owned utility capital stacks in California”, Center for Public Enterprise (2025)¹¹
- “Wired for Savings: Evaluating the Impact of Alternative Transmission Financing and Development Models on California Ratepayers”, Clean Air Task Force and Net Zero California (2024)¹²
- “Improving Transmission Financing in California”, Berkeley Law Center for Law, Energy and the Environment (2024)¹³
- “Public Sector Financing of Electricity Transmission Lines in California”, DH Infrastructure and EE Analysis (2024)¹⁴

Question 2 asks for “evidence of savings” relating to competitively bid projects versus projects where the investor-owned utility has the initial right to develop the project. One potentially useful source not referenced in the concept paper draft is a 2019 report

⁷ A.22-09-018

⁸ A.24-03-009

⁹ A.24-11-007

¹⁰ Question 1.

¹¹ <https://publicenterprise.org/wp-content/uploads/Research-note-Evaluating-the-impacts-from-reducing-equity-in-investor-owned-utility-capital-stacks-in-California.pdf>

¹² <https://cdn.catf.us/wp-content/uploads/2024/10/31145139/wired-for-savings.pdf>

¹³ <https://www.law.berkeley.edu/wp-content/uploads/2024/10/Improving-Transmission-Financing-in-California-CLEE.pdf>

¹⁴ https://drive.google.com/file/d/1bhi6sVZTqYJHZ1Z9OSOhcgma6FH0_3AO/view

by the Brattle Group titled “Cost Savings Offered by Competition in Electric Transmission”.¹⁵

In response to the request in Question 3 for case studies involving the financing of electric infrastructure by a government entity, TURN suggests a review of public reports by the Tennessee Valley Authority (TVA)¹⁶ an agency of the United States federal government. These reports include information on budget, spending and operational performance which may be useful in comparisons between public and privately financed transmission entities. The Concept Paper should also review the Transmission Infrastructure Program administered by the Western Area Power Administration that has supported the development of transmission projects in California and other parts of the Western United States.¹⁷

Question 8 asks how liability and risk exposure would affect the willingness of public entities to own transmission. TURN recognizes that the largest current risk relates to wildfire liability. Although older transmission infrastructure generally poses far greater wildfire risks than newly built lines, owners of new projects should be permitted to access shared liability pools like the state’s Wildfire Fund that is currently limited to the three major Investor-Owned Utilities. Allowing a public transmission owner to participate in the Wildfire Fund would address this risk. The Concept Paper should note the opportunity to include public transmission owners in the fund subject to

¹⁵ https://www.brattle.com/wp-content/uploads/2021/05/16726_cost_savings_offered_by_competition_in_electric_transmission.pdf

¹⁶ “TVA provided \$588 million in tax equivalent payments in FY 2024 to state and local governments where it sells electricity or has power properties. In total, payments over the past 10 years have totaled over \$5.4 billion.” (Source: Tennessee Valley Authority, FY 2026 Budget Details & Management Agenda and FY 2024 Annual Performance Report, For the Fiscal Year Ending September 30, 2026, Submitted to Congress May 2025, p. 15, available at: [https://tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net/cdn-tvawcma/docs/default-source/about-tva/guidelines-reports/annual-performance-report-2026.pdf?sfvrsn=67776920_1#:~:text=TVA%20invested%20more%20than%20\\$22,new%20generation%20pending%20environmental%20reviews](https://tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net/cdn-tvawcma/docs/default-source/about-tva/guidelines-reports/annual-performance-report-2026.pdf?sfvrsn=67776920_1#:~:text=TVA%20invested%20more%20than%20$22,new%20generation%20pending%20environmental%20reviews)).

¹⁷ <https://www.wapa.gov/transmission/transmission-infrastructure-program-tip/>

specific obligations. Last year, the Legislature considered including public transmission sponsors in the Wildfire Fund as part of considering a broader suite of public financing measures in AB 825 (Petrie-Norris). Amendments added to the bill on June 3, 2025 outlined a framework for participation that should be considered in the Concept Paper.¹⁸ Although this framework was not included in the final public transmission financing section of SB 254, it serves as a starting point for discussion of potential mechanisms to address wildfire liability risks.

Question 9 asks about the feasibility of the PPP-BOT and Lease-Type PPP models in California and specific elements that would need to exist to ensure the development of transmission at lower costs. The primary element needed to enable either approach is a statewide public entity that can sponsor, finance and take ownership of transmission assets. Although there is no currently operational state actor that is well-suited for this

¹⁸ AB 825 (2025), June 3 amendments

(https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260AB825)

63049.84.(a) *A public transmission sponsor of an eligible transmission project that receives benefits from the program shall participate in the Wildfire Fund created pursuant to Section 3284 of the Public Utilities Code. Participation in the Wildfire Fund by the public transmission sponsor shall be limited to the eligible transmission project receiving benefits from the program.*

(b) *A public transmission sponsor participating in the Wildfire Fund pursuant to subdivision (a) may seek payment for an eligible claim that results from a covered wildfire, as defined in Section 3280 of the Public Utilities Code, consistent with the relevant requirements applicable to electrical corporations and subject to all of the following requirements:*

(1) *The Wildfire Fund Administrator shall determine the timing and amount of contributions by a public transmission sponsor to the Wildfire Fund. In making this determination, the administrator shall evaluate the proportional number of miles of transmission lines owned by the public transmission sponsor in high fire-threat districts as a proportion of the total miles of all transmission and distribution lines in high fire-threat districts that participate in the Wildfire Fund.*

(2) *A public transmission sponsor shall maintain reasonable insurance coverage as required by the Wildfire Fund Administrator.*

(3) *A public transmission sponsor shall submit regular wildfire mitigation plans to the Office of Energy Infrastructure Safety and take all actions required by the office to achieve maximum feasible risk reductions.*

(4) *The costs of participating in the Wildfire Fund and complying with wildfire mitigation plan requirements may be recovered in a transmission revenue requirement filed with the Federal Energy Regulatory Commission.*

(c) *The Office of Energy Infrastructure Safety shall review and approve wildfire mitigation plans relating to public transmission sponsors submitted pursuant to paragraph (3) of subdivision (b) and shall oversee wildfire safety performance by public transmission sponsors.*

role, changes enacted in SB 254 (Becker, 2025) empowered the dormant California Consumer Power and Conservation Financing Authority (CPA) to serve as a statewide transmission sponsor.¹⁹ Although these statutory changes removed limits on the ability of the CPA to continue operations, the agency has no current staff and zero funding. With staffing and operational funds, the CPA could identify and initiate project development, contract with private companies to perform the necessary construction and maintenance work, issue bonds and secure other necessary financing, and seek an authorized revenue requirement at FERC (for lines within CAISO) that reflects the actual capital and financing costs associated with the project. The Concept Paper should recommend the funding of sufficient staff resources at CPA to enable this agency to return to operations and be able to serve in this role.

¹⁹ See SB 254 changes to Cal. Pub. Util. Code §3310, §3380.1, §3380.2, and §3384.