

Alternative Financing for Electricity Transmission Infrastructure



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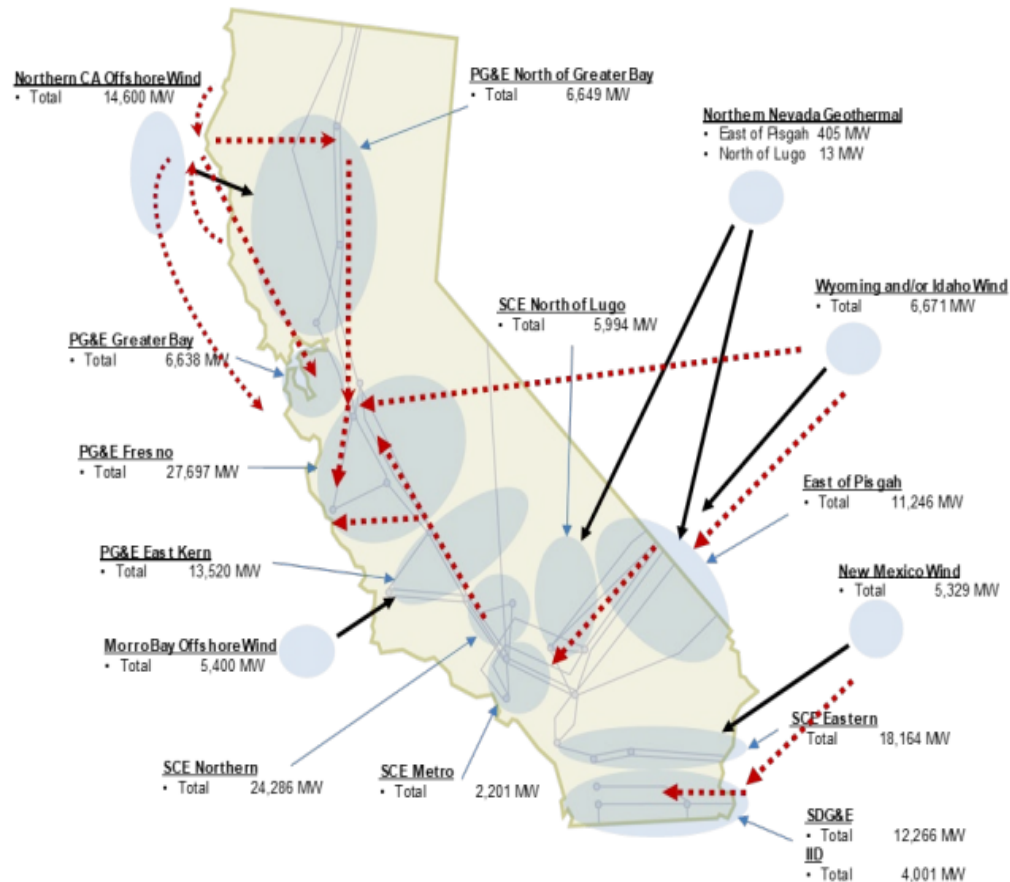
— Central Questions

- Can alternative financing models reduce the cost of electricity transmission in California?
- Which scenarios would achieve the greatest savings?
- What are the potential institutional options in California?



Transmission Projects for Consideration

Figure ES-1: Transmission Development



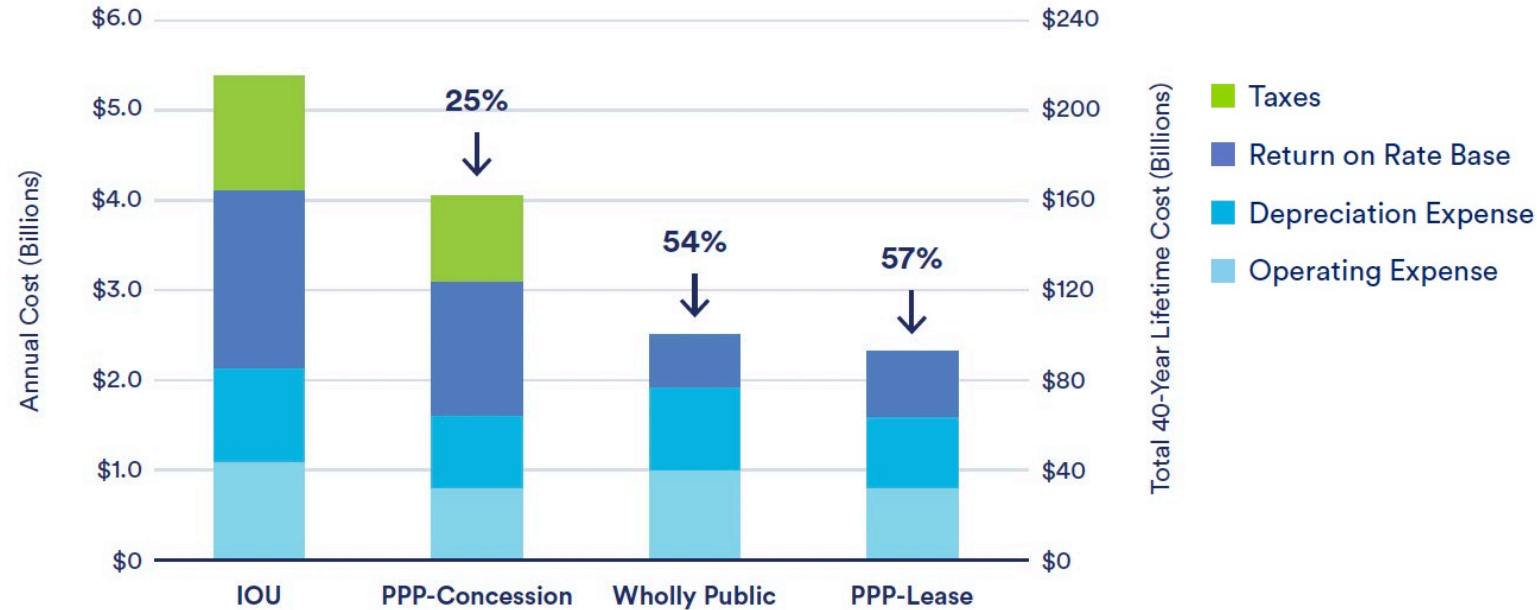
- Used CAISO's 20-Year Transmission Outlook as benchmark for cost savings
- Analysis looked at competition-eligible projects:
 - ✓ Grid expansion only for new lines above 200kV
 - ✗ Does not include upgrades, like reconductoring existing lines
 - ✗ Does not include brownfield projects using existing property and right-of-way

Savings from Different Scenarios

■ Savings of as much as 57% compared with IOU financing scenario

■ PPP Lease Annual Savings: \$2.2 - \$3 billion

■ PPP Lease 40-Year Savings: \$89 - \$123 billion



CAISO 2024 20 Year Outlook: \$39 - \$54 billion
Competition-Eligible portfolio

How could alternative financing models reduce the cost of transmission?

- Public financing of the asset => ↓ Cost of capital
- Public ownership of the asset => ↓ Taxes
- Lower capital costs over time because of increased competition to develop and operate the asset
- Related policies that reduce length and risk of pre-investment development phase, such as clear and predictable siting and permitting, could generate additional savings.

— How might this look in California

- Commissioned UC Berkeley's Center for Law, Energy, and the Environment (CLEE) to conduct a legal and policy review of California agency authorities and structures.
- Evaluated benefits and drawbacks of creating new authorities and expanding authorities of existing agencies (both could facilitate PPPs).
- Implementation pathways would require expanding existing legal authorities.
- For more information, see CLEE report: [Improving Transmission Financing in California: Alternative Models and Policy Strategies to Increase Affordability](#)

