
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Josh Becker, Chair
2025 - 2026 Regular**

Bill No:	SB 330	Hearing Date:	4/29/2025
Author:	Padilla		
Version:	3/28/2025 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Electrical transmission infrastructure: financing

DIGEST: This bill authorizes the Governor to establish projects to develop, finance, or operate electrical transmission infrastructure that meets specified requirements.

ANALYSIS:

Existing law:

- 1) Establishes the Federal Energy Regulatory Commission (FERC) has exclusive jurisdiction over the transmission of electricity in interstate commerce, over the sale of electricity at wholesale in interstate commerce, and over all facilities for the transmission or sale of electricity in interstate commerce. (Federal Power Act §§201, 205, 206 (16 USC 824, 824d, 824e))
- 2) Makes an environmental leadership development project, as defined, that meets specified requirements and is certified by the Governor eligible for streamlined procedures under the California Environmental Quality Act (CEQA). (Public Resources Code §21184 and 21185)
- 3) Authorizes persons proposing eligible facilities, including certain electrical transmission lines and electrical transmission projects, to file applications, on or before June 30, 2029, with the State Energy Resources Conservation and Development Commission (also known as the California Energy Commission (CEC)) to certify sites and related facilities as environmental leadership development projects, as specified. (Public Resources Code §25545 et seq. and 25545.1)
- 4) Makes a site and related facility certified by the CEC as an environmental leadership development project subject to streamlined procedures under CEQA with no further action by the applicant or the Governor. (Public Resources Code §25545.13)

- 5) Provides that the CEC's certification of sites and related facilities is in lieu of any permit, certificate, or similar document required by any state, local, or regional agency, or federal agency to the extent permitted by federal law, for the use of the sites and related facilities, and supersedes any applicable statute, ordinance, or regulation of any state, local, or regional agency, or federal agency to the extent permitted by federal law, except as specified. (Public Resources Code §25545.1)

This bill:

- 1) Makes several findings and declarations concerning the cost of electrical transmission infrastructure as a key factor in current and anticipated future rate increases, among others.
- 2) Authorizes the Governor to establish one or more pilot projects to develop, finance, or operate electrical transmission infrastructure that meet the specified criteria, including, among other things, that the transmission line is identified by the California Independent System Operator (CAISO) in its transmission planning process as a project subject to competitive bidding and necessary to support clean energy generation to meet the state's clean energy goals.
- 3) Requires the Governor to designate existing state agencies, local public agencies, tribal organizations, or joint powers authorities to implement the pilot projects.
- 4) Authorizes the pilot projects to develop, finance, operate, and maintain electrical transmission lines and all works, facilities, improvements, and property, or portions thereof, necessary or convenient for the conveyance of electricity, as specified.
- 5) Authorizes the Governor to issue guidelines regarding application and certification of pilot projects.

Background

CAISO. The CAISO is a nonprofit public benefit corporation created by California statute as part of the effort to deregulate the electricity market in the late 1990s. The CAISO manages the flow of electricity across the high-voltage bulk power system that makes up 80% of California's, and a small part of Nevada's, electric grid. CAISO is registered as both a transmission operator and balancing authority (BA) under federal reliability requirements. As a general matter, BAs may contain transmission operators. As with other BAs, the CAISO is regulated by federal

statute and regulations with oversight by FERC and the North American Energy Reliability Corporation (NERC).

Transmission planning. Each year, the CAISO conducts its transmission planning process to identify potential system limitations, as well as, opportunities for system reinforcements that improve reliability and efficiency. The CAISO Transmission Plan provides a comprehensive evaluation of the CAISO transmission grid to address grid reliability requirements, identify upgrades needed to successfully meet California's policy goals, and explore projects that can bring economic benefits to consumers. The plan relies heavily on key inputs from state agencies in translating legislative policy into actionable policy driven inputs. The plan is updated annually, and culminates in a CAISO Board of Governors approved transmission plan that identifies the needed transmission solutions and authorizes cost recovery through CAISO transmission rates, subject to federal regulatory approval, as well as identifying non-transmission solutions that will be pursued in other venues as an alternative to building additional transmission facilities. The plan is prepared in the larger context of supporting important energy and environmental policies while maintaining reliability through a resilient electric system. The plan is developed through a comprehensive stakeholder process and relies heavily on coordination with key energy state agencies – the California Public Utilities Commission (CPUC) and the CEC – for key inputs and assumptions regarding electricity demand side forecast assumptions as well as supply side resource development expectations.

SB 100 (De León, Chapter 312, Statutes of 2018). SB 100 established the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50% by 2030 to 60%, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy. SB 100 also required California Air Resources Board (CARB), CEC, and CPUC to issue a joint report by January 1, 2021, and at least every four years, that describes technologies, forecasts, affordability, and system and local reliability. The report is required to include an evaluation of costs and benefits to customer rate impacts, as well as, barriers to achieving the SB 100 policy. The first Joint Agency report was issued January 2021 and found that California would need to triple its current electric power capacity to achieve the 2045 goal.

CAISO 20-year Transmission Outlook. The CAISO embarked on creating a 20-Year Transmission Outlook for the electric grid, in collaboration with the CPUC and the CEC, with the goal of exploring the longer-term grid requirements and options for meeting the state's greenhouse gas (GHG) reduction and renewable energy objectives reliably and cost-effectively. The CAISO also intends for the

expanded planning horizon to provide valuable input for resource planning processes conducted by the CPUC and CEC, and to provide a longer-term context and framing of pertinent issues in the CAISO's ongoing annual 10-Year Transmission Plan. The 20-year Outlook estimates \$45-\$63 billion in costs related to transmission development to support the 2045 goal.

Transmission Development Forum. The Transmission Development Forum is a recent joint effort between the CAISO and the CPUC to discuss and track Participating Transmission Owners expansion and network upgrade projects and schedules. The Transmission Development Forum creates a single forum to track the status of transmission network upgrade projects that affect generators and all other transmission projects approved in the CAISO's transmission planning process. The effort allows for increased transparency for all stakeholders about transmission projects and enhances accountability of transmission owners by having them explain schedule changes, delays, and address stakeholders' questions.

Tracking Energy Development (TED) Task Force. The TED Taskforce is also a recent joint effort of the CPUC, CEC, CAISO, and Office of Business and Economic Development (GO-Biz) to track new energy projects under development. According to the CPUC, the objective is to build on the success of ad hoc 2021 efforts to provide energy resource project development support, as appropriate, and identify barriers and mitigation strategies to accelerate energy project development. Currently, the TED Taskforce is focused on near-term projects, roughly 200 contracted projects needed for summer reliability in 2022 and 2023.

Report to Governor on Priority SB 100 Actions. In September 2021, The CEC, CPUC, CARB, and CAISO published and sent a *Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-free Energy*. Among the many issues and recommendations included in the report was a discussion regarding transmission planning, permitting, and interconnection. The report notes that the build out of new electric transmission lines and upgrades to existing lines is "essential to support the interconnection of new resources." However, the report noted that over the past 10 years the cost of transmission for the average California ratepayer has increased by over 150%. Large transmission projects were identified as driving much of the increase. As a cost-cutting measure to help mitigate against increasing electric utility rates, the report recommended consideration of "statutory changes for the formation of a new entity for energy and transmission financing." The report specifically noted creation of a "California transmission authority as a new public benefits corporation that can,

either on its own or through public private partnerships, fund and build new transmission projects needed to meet clean energy goals.”

Comments

Need for this bill. According to the author:

California ratepayers suffer from some of the highest energy rates in the nation. Authorizing pilot projects utilizing public-private partnerships for necessary transmission lines will help reduce ratepayer costs and help California meet its clean energy goals.

Governor has the power. This bill would delegate to the Governor the decision to select one or more transmission projects to develop, finance, operate, and maintain electrical transmission lines from the policy projects identified within the CAISO’s TPP. Though the Governor would need to provide a determination about the significant reduction in cost to ratepayers compared to alternatives. The Governor can then designate existing state agencies, local public agencies, tribal organizations, or joint powers authorities to implement the “pilot” projects. This bill would also authorize the entity to sell the rights to use transmission lines constructed by this bill. This bill speaks of “pilots” but there is no limit, in terms of time or number or value of projects, as to the authority granted to the Governor.

Costs to electric ratepayers. This bill attempts to realize reductions for utility customers by requiring the Governor to make a determination about significant reductions in savings and requiring competitive bidding. Furthermore, this bill is premised on the assumptions that public ownership, public debt, and reduction in taxes would result in significant reductions in savings as compared to a project proposed by electrical corporations (or other companies) utilizing equity in the capital structure. While these assumptions can be accurate, there is no guarantee that the projects would provide the significant savings as it would be up to the Governor alone to make that determination. Opponents have raised concerns that this bill would not effectively control costs for ratepayers, particularly as this bill intends to lease transmission facilities to incumbent transmission providers for purposes in lowering ratepayer costs. The note that FERC Order No. 1000 governs the bidding process for transmission projects, which is already subject to competitive bids to provide the best transmission solution at the lowest cost to benefit the state’s ratepayers. They express concerns that SB 330 would provide a direct award to a governmental entity without any obligations to ensure costs are controlled. They contend that the lack of cost containment and regulatory oversight of costs for projects, ratepayers would bear the ultimate burden.

Legislative oversight? This bill provides an intended guardrail to ensure the Governor's decision to select projects can be vetoed by the Legislature via the Joint Legislative Budget Committee (JLBC) for review. However, if action is not taken within 30 days of the Governor's submission of the determination to the JLBC, the project is deemed to be eligible of the new transmission development approach proposed by this bill.

Another approach. As noted above, the state agencies and CAISO recommended consideration of a new authority to help finance the needed transmission buildouts to achieve the state's clean energy goals. The financing provided by the authority may result in savings to electric ratepayers depending on the interest and charges associated with any projects. SB 245 (Becker, 2025) proposes such an authority and while it's a different approach, the Legislature may wish to consider whether both approaches are necessary.

Questions remain. Opponents have also raised concerns regarding potential wildfire liability of owning existing transmission lines which have been a source of ignition for recent catastrophic fires. This bill does not alter the strict liability therefore any ignitions from these projects that result in fires could result in claims against the owner. What happens if a designated entity, state agency or community choice aggregator, is not able to complete the project or changes the terms of the costs (as we've experienced with other transmission developers)? How is this financial risk managed when the Governor designates who owns, operates, and develops the project?

Dual Referral. Should this bill be approved by this committee, it will be re-referred to the Senate Environmental Quality Committee.

Prior/Related Legislation

SB 254 (Becker) of the current legislative session, among its provisions, establishes a state authority to finance and develop electrical transmission. The bill is pending in this committee.

AB 3264 (Petrie-Norris) of 2024, would have included a suite of proposals to help address energy costs, including requiring a study by the CEC, California and Economic Development Bank (I-Bank), and CAISO, by July 1, 2025, to submit to the Governor and the Legislature a study identifying proposals to reduce the cost to ratepayers of expanding the state's electrical transmission grid.

SB 1032 (Becker) of 2022, would have established a new Clean Energy Infrastructure Authority as a public instrumentality of the state for the purpose of

leading the state's efforts to build critical electrical transmission infrastructure necessary to enable the state to transition to 100% clean energy, as specified. The bill was held in the Senate Appropriations Committee.

SB 887 (Becker, Chapter 358, Statutes of 2022) adjusted the planning horizon for the annual electricity transmission plan from 10-years to 15-years, and requires approval of at least two transmission projects as part of the CAISO 2022-23 transmission planning process.

SB 1174 (Hertzberg, Chapter 229, Statutes of 2022) required specified reporting related to electric transmission projects, and also requires the CPUC in coordination with other state agencies to identify and advance all interconnections or transmission approvals necessary, as specified.

AB 2696 (E. Garcia) of 2022, would have required the CEC to conduct a study that reviews lower costs ownership and alternative financing for new transmission facilities, among other provisions. The bill was held in the Senate Appropriations Committee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

California State Association of Electrical Workers (Co-Sponsor)
Coalition of California Utility Employees (Co-Sponsor)
Net-zero California (Co-Sponsor)
The Utility Reform Network (Co-Sponsor)
350 Humboldt
Advanced Energy United
Agricultural Energy Consumers Association
Brightline Defense
California Community Choice Association
California Environmental Voters
California Large Energy Consumers Association
Clean Air Task Force
Clean Power Alliance of Southern California
Clean Power Campaign
Climate Action California
Climate Reality Project San Diego
Elders Climate Action NorCal Chapter
Elders Climate Action SoCal Chapter
Marin Clean Energy

Natural Resources Defense Council
San Diego Community Power
San Jose Clean Energy
Santa Cruz Climate Action Campaign
Solar Energy Industries Association
Sustainable Mill Valley
The Climate Center
Union of Concerned Scientists

OPPOSITION:

San Diego Gas & Electric
Southern California Edison

ARGUMENTS IN SUPPORT: The Coalition of California Utility Employees and the California State Association of Electrical Workers state:

...California will need a major expansion of the capacity of our electrical transmission system. CAISO estimates that we'll have to spend \$45 to \$63 billion by 2045 to meet our clean energy goals and maintain electric reliability. Californians already pay high electricity bills. We must find ways to reduce ratepayer costs for transmission infrastructure. SB 330 offers a path to lower cost transmission infrastructure using, for example, competitive solicitation for construction and operations, and revenue bonds or other types of public debt financing for transmission pilot projects.

California must do everything it can to expedite transmission system development, but it is very expensive. Ratepayers already face high electricity bills. SB 330 provides a solution for getting necessary transmission infrastructure built at a lower cost so that California can reach its clean energy goals while saving ratepayers money.

ARGUMENTS IN OPPOSITION: San Diego Gas & Electric and Southern California Edison state:

SB 330 poses significant risks to the Joint Utilities and their ratepayers. As incumbent transmission providers, IOUs, including SCE and SDG&E, are subject to rigorous safety standards and requirements by our regulatory agencies, including the California Public Utilities Commission and the Office of Energy Infrastructure Safety, as well as federal oversight from North American Electric Reliability Corporation and the Western Electricity Coordinating Council. SB 330 does not require the state or other competing governmental

entities to follow the same rigorous standards, including maintaining these facilities against catastrophic weather events and having wildfire protections in place. The lack of standards poses serious concerns, as the intent of SB 330 is for the state to sell rights to these facilities. It is uncertain whether SB 330 would require a transmission provider, such as SCE or SDG&E, to maintain these facilities after acquiring the rights. There are potential safety and liability risks if a project does not align with the IOU's system specifications, if damage occurs during operations—including during catastrophic weather events—or if negligence is found in the design, construction or maintenance of the facility.

-- END --