



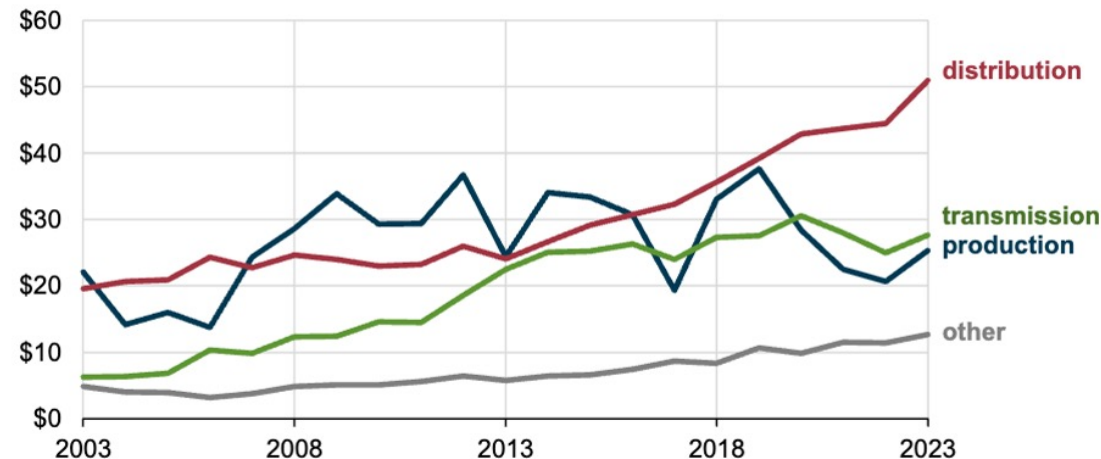
CLEAN AIR
TASK FORCE

Transmission Public Financing Building Lines and Reducing Ratepayer Impacts in States

September 3, 2026

— Grid spending is already high and increasing, but not optimized

Annual U.S. capital additions by sector (2003–2023)
billions of 2023 U.S. dollars



Data source: U.S. Energy Information Administration and Federal Energy Regulatory Commission (FERC) financial reports, as accessed by Ventyx Velocity Suite

- Distribution spending increased **by 160%** and transmission spending **nearly tripled** between 2003 and 2023
- However, **grid congestion** remains high. This means cheap electricity is stuck where it is generated.

— Key cost drivers of transmission buildout

Inflation, supply chain cost issues, aging infrastructure

- External factors can drive up costs
- Aging infrastructure less efficient and needs replacing

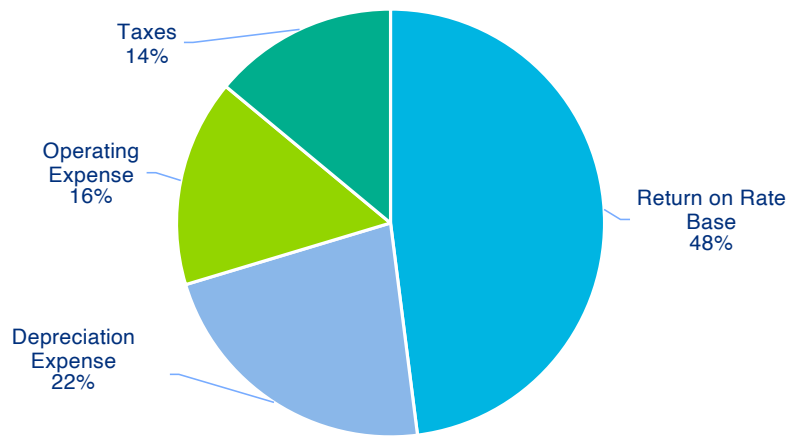
Capital bias and incentives

- Capital bias incentive for utilities and focus on shareholder returns

Lack of coordinated planning

- General lack of comprehensive transmission planning and investment
- Piecemeal planning with reliability focus the norm

— Costs trickle down to ratepayers via revenue requirements



**Illustrative New England
Revenue Requirement**

Transmission revenue requirements are based on four main components and are recovered from ratepayers.

1. A return covering the cost of financing projects, composed of:
 - a) A Return on Equity (ROE) applied to the share of a project's cost funded through equity, and
 - b) The cost of debt issued to cover the share of a project's cost funded by borrowing.
2. Depreciation reflecting the annualized cost of transmission over its useful life
3. The cost of operating and maintaining (O&M) equipment
4. Income taxes

— Public financing levers to reduce costs

Competitive project procurements

- Improves efficiency and creativity in project design

Joint private-public ownership

- Reduces taxes and increases public equity share of projects

Substitute private debt with public debt

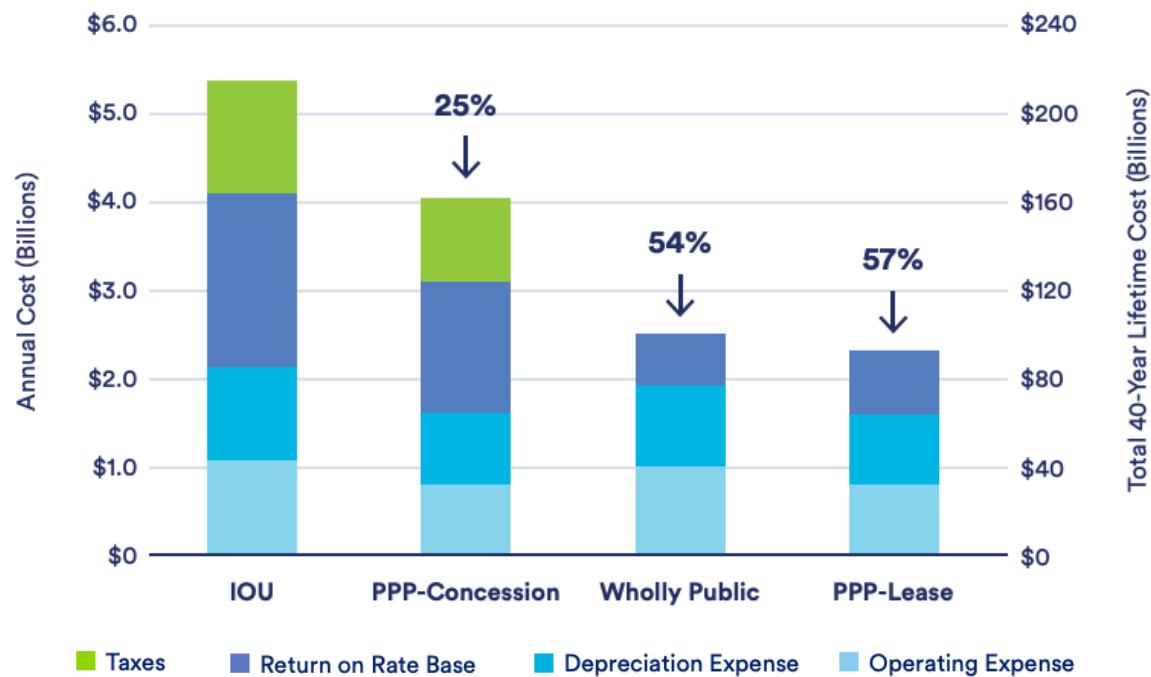
- Lowers interest to be paid back on investments, as public entities have higher credit ratings and can issue tax-free bonds

Replace higher-cost equity with lower-cost debt

- Modifies capital structure, including by lowering equity (private, shareholder investments) and increasing debt (borrowed loans that get returned with interest) in the structure

— CATF research: public financing could save CA ~\$3bn/yr

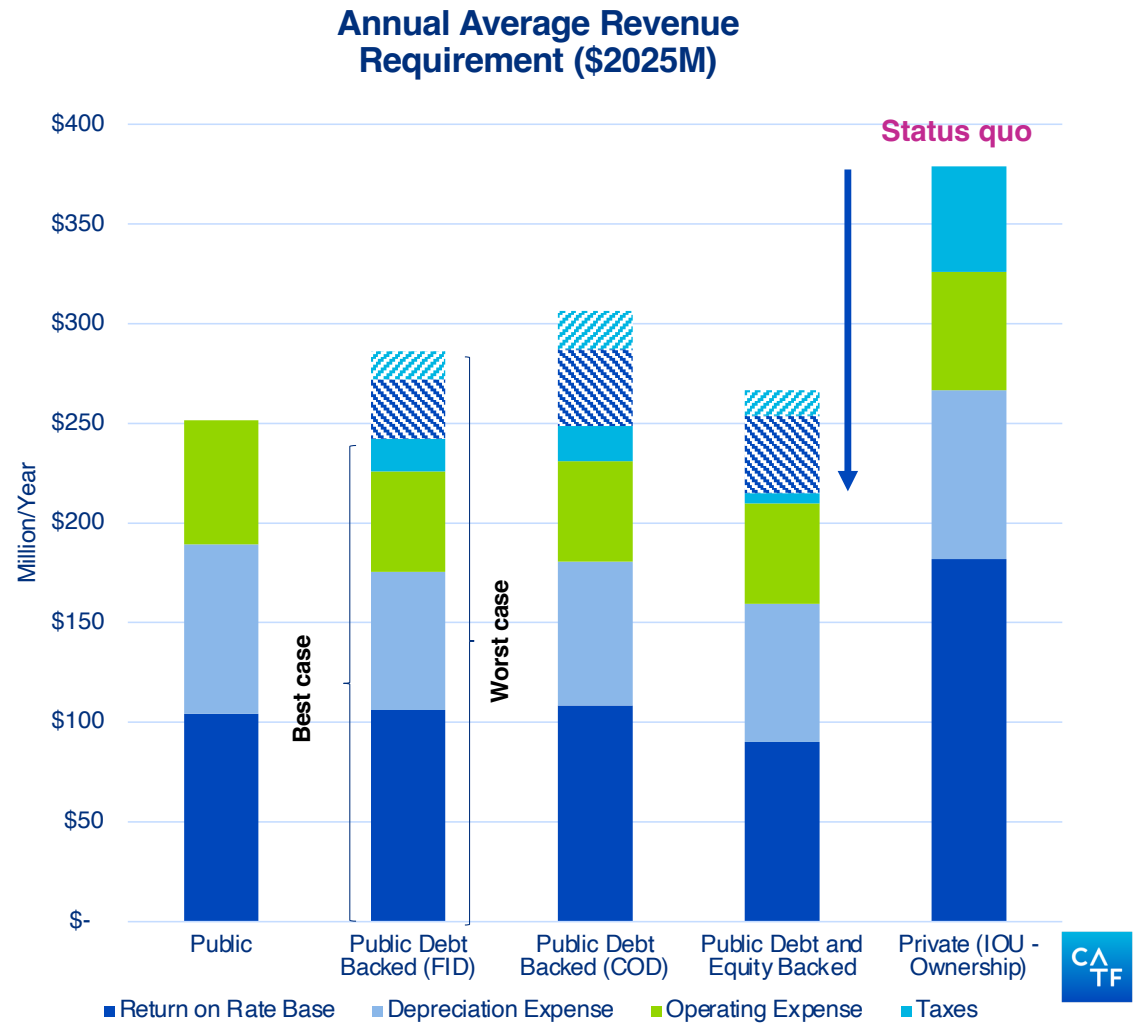
Savings of wholly public & PPP models compared to “status quo” IOU model



Drivers of savings in public-private partnerships in CA are similar across regions:

- Public debt
- Competitive solicitation
- Public ownership & tax benefits
- Private operations

- And in New England, up to \$9.5bn in new transmission costs over the coming decades



Implementation pathways and state considerations

— Implementing public financing: design features of public financing entities

Entities with the authority to leverage public financing tools typically have the following **design features**. Jurisdictions interested in public financing can create new entities or amend authorities of existing entities with these features.

- A **clear, statutory mandate** providing authority to develop or sponsor FERC-jurisdictional transmission lines
- **Revenue bonding authority**
- Ability to **build, co-own, or partner with** utilities and independent power producers
- **Governance structures designed to hold them accountable** to state government while providing operational independence
- Linked to **RTO/ISO planning processes** or **state procurements** tied to state policy goals

— Creating new authorities within existing agencies: California Transmission Infrastructure Accelerator

To facilitate savings, **SB 254** created the **California Transmission Infrastructure Accelerator**, with explicit mandates to facilitate transmission public-private partnerships.

- Housed within the existing Governor's Office of Business and Economic Development
- Authorizes the California I-Bank to issue bonds for eligible projects
- Selects qualifying projects – high-voltage, competitively solicited CAISO projects – and develops a public-private partnership plan to maximize debt financing
- Reports required to the Legislature annually



— Purpose-built entities: Transmission Authorities

Transmission authorities are independent state agencies that facilitate the siting, permitting, and financing of new transmission lines and transmission upgrades

- **New Mexico Renewable Energy Transmission Authority** created in 2007, **Colorado Electric Transmission Authority** created in 2021, **Washington Electric Transmission Authority** created in 2026; legislation has been proposed in other states (**OR, MT, ME**)
- Powers:
 - Enter into public-private partnerships
 - Facilitate local siting and permitting
 - Issue or facilitate revenue bonds to finance development and construction
 - Use eminent domain to acquire rights-of-way for needed transmission
- Creates transmission expertise and central coordination capacity within state government

Thank you!

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