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New Analysis Finds that Public-Private Financing for Transmission Infrastructure Could Save Californians $3 Billion Per Year .

SACRAMENTO, Calif. – Expanding and modernizing California's electricity transmission infrastructure is critical to achieving its clean energy goals, but relying solely on traditional investor-owned utility (IOU) financing could significantly burden ratepayers. New analysis from Clean Air Task Force (CATF) and Net Zero California (NZC) finds that public-private financing models could save Californians up to $3 billion annually, or approximately $123 billion over 40 years. These findings are instructive for policymakers in California and other states and regions in need of more cost-effective transmission expansion and development.

"Achieving California's ambitious climate goals will require unprecedented expansion of high-voltage transmission lines, and to do so, it's essential the state rethinks how it approaches transmission financing and development," said Nicole Pavia, Director of Clean Energy Infrastructure Deployment at CATF. "By embracing innovative solutions, California can protect consumers, save billions annually, and accelerate decarbonization while setting a national standard for building clean energy infrastructure efficiently and affordably. To meet the demands of a rapidly evolving energy landscape, we need bold action at the local, state, regional, and federal levels to modernize our transmission system, alleviate congestion, and connect new zero- and low-carbon resources – all without placing undue burdens on ratepayers."

California's ambitious climate goals will require an unprecedented expansion of high-voltage transmission lines, as outlined in the California Independent System Operator's (CAISO) 20-Year Outlook. However, relying solely on traditional IOU models to finance a multi-billion-dollar infrastructure portfolio could result in significantly higher consumer rates.

The analysis highlights several cost-saving strategies that maintain development efficiency:

- **Public Financing:** Leveraging low-cost public debt to replace equity in the capital structure.
- **Competitive Solicitation:** Ensuring a competitive selection process for transmission line developers.
- **Public Ownership:** Reducing tax burdens through public ownership of infrastructure assets.
- **Private Operations:** Enhancing operational efficiency by engaging private entities.

With nearly 70% of U.S. transmission lines over 25 years old and projected underinvestment in the sector exceeding $40 billion annually by 2031, the need for innovative solutions is urgent. CATF and NZC's findings demonstrate that leveraging public financing tools such as bonds, loans, and public-private partnerships can lower costs, mitigate ratepayer impacts, and accelerate grid modernization. In California, for example, replacing traditional IOU financing with a "lease-type" public-private partnership model could reduce costs by up to 57%, offering a scalable framework for adoption in other states.

A companion national-level policy brief from CATF, released today, underscores the broader

relevance of these findings. Regions and states beyond California are similarly grappling with increasing ratepayer impacts and the need for significant transmission infrastructure expansion. The policy brief provides recommendations for practitioners in other geographies to conduct similar economic and policy analyses and consider adopting alternative financing models.

CATF sees great value in extending analysis of public financing infrastructure to other states seeking to modernize and expand their grid infrastructure while shielding ratepayers from rising costs.

Clean Air Task Force

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Contact presse
Natalie Volk, Communications Manager, nvolk@catf.us, +1 703-785-9580

Clean Air Task Force (CATF) is a global nonprofit organization working to safeguard against the worst impacts of climate change by catalyzing the rapid development and deployment of low-carbon energy and other climate-protecting technologies. With more than 25 years of internationally recognized expertise on climate policy and a fierce commitment to exploring all potential solutions, CATF is a pragmatic, non-ideological advocacy group with the bold ideas needed to address climate change. CATF has offices in Boston, Washington D.C., and Brussels, with staff working virtually around the world. Visit catf.us and follow @cleanaircatf.

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