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**Legislation to level the playing field for local renewables in California is introduced by State Senator Ben Allen**

**Senate Bill 692 aims to fix misaligned transmission charges that hinder the growth of clean local energy**

SACRAMENTO, CA – Senator Ben Allen introduced [Senate Bill \(SB\) 692](#) to correct an outdated, unfair, and inconsistent approach to allocating transmission costs by California's electric grid operator, the California Independent System Operator (CAISO). Assemblyman Marc Berman is co-authoring the bill.

In most parts of California, CAISO levies transmission fees on all electricity that is consumed by customers — even on power generated from local sources like rooftop solar that do not use the transmission grid. It's akin to levying the Golden Gate Bridge toll every time Bay Area residents pull into their driveways, as opposed to charging the toll only when crossing the bridge. Applying transmission costs in this way hinders the growth of distributed generation by artificially increasing the cost of local energy and deceptively subsidizing the cost of transmission infrastructure.

“The cost of local renewable power is currently being driven up by unfair transmission charges that subsidize polluting power plants. If we are going to meet our state's goal of 50% clean energy by 2030, or even go beyond that, we need to make sure renewable power is not saddled with extra fees that artificially inflate its price and make it less affordable. This proposed change in law will help level the playing field and make renewable power more affordable,” said Senator Ben Allen.

SB 692 directs CAISO to implement a statewide “user-pays” approach, which is already in place in parts of California, including areas served by the majority of city-owned utilities. CAISO is fully capable of applying transmission charges on a “user-pays” basis and already does so for most municipal utilities in California.

“SB 692 consistently aligns transmission costs with transmission usage and eliminates the massive market distortion that currently penalizes local generation in major utility service territories across California,” said Craig Lewis, Executive Director of the Clean Coalition. “Transmission charges add about 3 cents per kilowatt-hour to the levelized cost of energy over a 20-year contract, which is about 30% of the wholesale value of energy in California. Transmission costs are exorbitant and growing faster than any other component of energy pricing, and the SB 692 fix is essential for local renewables to fulfill their unparalleled potential to provide economic, environmental, and resilience benefits.”

By eliminating the current market distortion, SB 692 will drive greater investment in clean local energy, which in turn will reduce the need for new investments in transmission infrastructure. A comprehensive Clean Coalition study found that an easy fix to this market distortion is likely to save Californians more than \$38 billion in transmission costs over 20 years.

The Clean Coalition first raised this issue with CAISO in the spring of 2014 to collaboratively investigate how CAISO's inconsistent transmission cost allocation policies were impacting local renewable energy. While the Clean Coalition sought to reach a mutually agreeable solution, CAISO got distracted with regionalization ambitions, and the Clean Coalition began pursuing a legislative remedy. Please visit [the Clean Coalition website](#) for more information about the Transmission Access Charges (TAC) issue and solution.

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#### **About the Clean Coalition**

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (DER) — such as local renewables, advanced inverters, demand response, and energy storage — and establishes market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER. For further information, please visit [www.clean-coalition.org](http://www.clean-coalition.org).

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#### **About Senator Ben Allen**

Since 2014, State Senator Ben Allen has represented California's 26<sup>th</sup> district, which includes the Westside, Hollywood and coastal South Bay communities of Los Angeles County. For further information about Senator Ben Allen, please visit <http://sd26.senate.ca.gov/>.