



Wasteful electricity transmission spending is hurting California communities.

Our reforms will fix this.

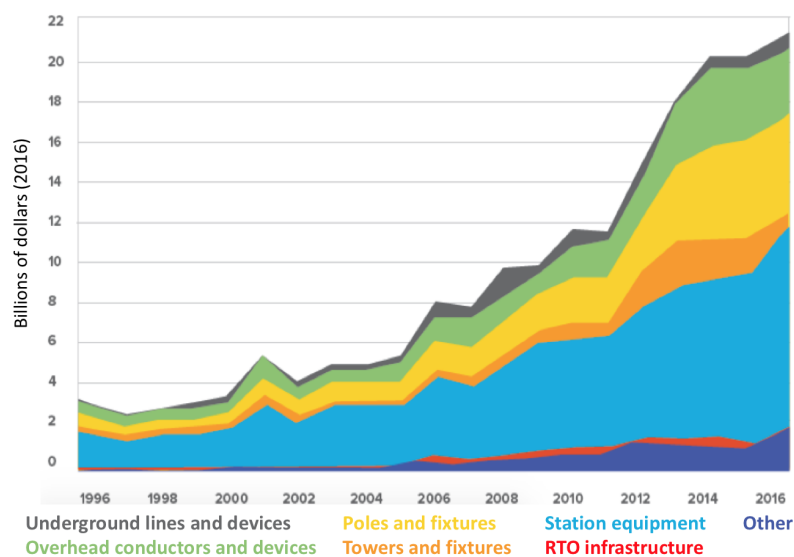
Right now, growing transmission costs threaten to become a crisis in California.

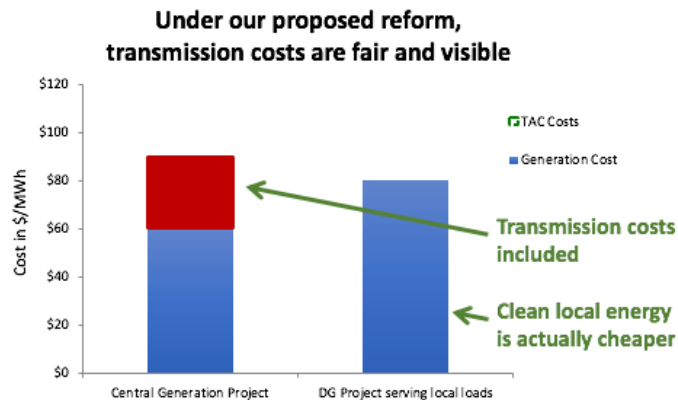
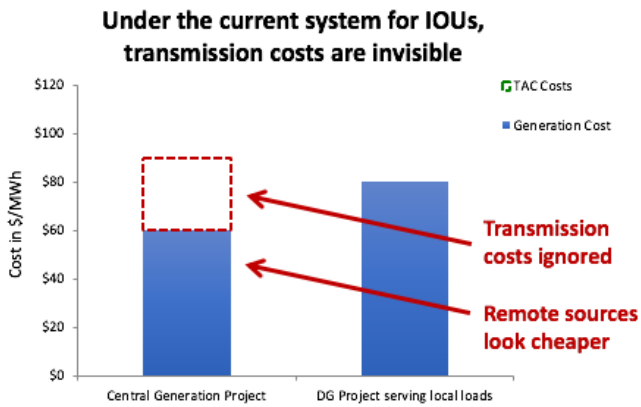
Today, transmission charges, called “Transmission Access Charges” or “TAC,” create a massive market distortion that could cost Californians billions of dollars in unnecessary electricity transmission spending over the next 20 years. If we do not fix this problem, soon it could cost more to deliver energy than to generate it. This will only get worse as California moves to clean energy, electric vehicles, and building electrification. Distorted transmission charges steal tens of billions of dollars from California energy customers – raising the cost of this energy by as much as 40% and disadvantaging an industry that has the potential to drive economic development for every community in the State.

It wouldn’t make sense to pay the Golden Gate Bridge toll if you don’t cross the bridge. But this is how we are charged for electricity transmission in much of California. Currently, ratepayers pay the same charge for “using” the transmission system whether or not the energy they use travels across it.

This has huge consequences for ratepayers, because it causes Community Choice Energy agencies (CCEs) and investor-owned utilities (IOUs) to ignore the transmission costs when they buy energy for customers – so they often end up buying energy from distant sources that need billions of dollars of wires to reach customers. The more utilities buy remotely generated energy, the more transmission has to be built to carry it, driving up California’s energy bills. In other words, utilities buy energy that’s cheaper for them, but more expensive for all of us.

The explosion in transmission spending by major utilities, 1996 - 2016





Unlike remotely generated energy, locally generated energy does not require construction of a massive transmission network to move electricity from source to customer. When this major advantage is priced into the total cost of energy (see chart), clean local energy is much more competitive and actually less expensive in many cases.

Bottom line: The current way of charging for transmission is outdated now that clean local energy provides an efficient alternative to remotely generated energy. Our reforms will price in the cost of transmission for remotely generated energy correctly so that utilities will buy the energy that is truly most cost-effective for customers. By aligning pricing with reality, this reform will correct the existing market distortion that has led to explosive growth in transmission spending and depressed the development of clean local energy.

Our reform in one sentence:
Charge for electricity transmission based on actual use of the transmission grid.

This sounds good in theory, but does it work in practice? Yes!

Most of California’s independent municipal utilities have been saving ratepayers money for decades by assessing transmission charges based on actual use of the transmission system. These cost savings make local resources much more price-competitive and help these municipal utilities limit their impacts on the transmission system. Now, the big private investor-owned utilities need to follow suit.

Our reforms will put California on a path to sensible transmission spending

Our suggested reforms will make it State policy for the cost of electricity to include both the cost of generating energy AND the cost of delivering that energy to consumers. Distributed energy resources (DER) contain the excessive growth in transmission spending, a fact acknowledged by the California Independent System Operator (CAISO) and the California Public Utilities Commission (CPUC), and supported by irrefutable evidence.¹

Benefits from this fix:

- Reduce the costs of clean local energy by 3 cents per kWh.
- Save Californians billions of dollars in unnecessary transmission costs over 20 years.
- Keep energy dollars in local communities by spurring investment in local renewables.
- Improve resilience by building more clean local energy resources.
- Protect Californians from unfair transmission costs under a regional electric grid.

The future is in your hands

This is a question of equity, environmental justice, and fundamental fairness. Ratepayers are being extorted by utilities profiting from excess transmission investment, and regulators have failed to make simple reforms to limit excessive transmission growth. This “business as usual” situation is no longer acceptable. Visit the Transmission Access Charges Campaign page at cleancoalition.org/our-work/tac to join the Clean Coalition and over 80 groups who support this campaign (clean-coalition.org/tac-campaign-supporters).

¹See “Efficiency, DERs saving \$2.6B in avoided transmission costs, CAISO says” online at Utility Dive <http://bit.ly/UtilityDiveTransmission>.