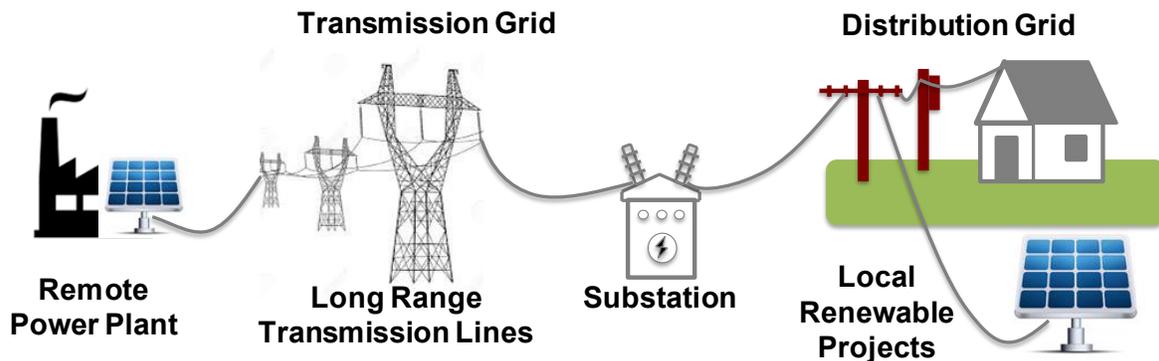


SB 692: Fixing Transmission Access Charges **Leveling the playing field for local renewables**

Passage of SB 692 promotes community-based renewable energy development, thereby furthering California's renewable energy and climate justice goals. This fix is a critical part of enabling Community Choice programs to deliver environmental, economic, and social justice benefits to the communities they serve.

Problem: Local renewable projects incur charges for transmission lines they do not use.

Local renewable projects connect directly to the distribution grid near end users and do not require the use of long range transmission lines as do remote power plants.



Energy from local renewable projects is currently subject to transmission fees even though it does not use transmission lines. Transmission access charges on local renewable projects are, in effect, a subsidy for remote power stations.

By not recognizing the value of local renewable projects to avoid transmission costs, the current way of collecting transmission access charges puts local renewable projects at a competitive disadvantage, hindering investment in the development of such projects.

Local renewable projects offer unique benefits to our communities.

Local renewable energy projects:

- Are a critical way to achieve California's renewable energy and carbon reduction goals
- Keep energy dollars local, spurring economic development and creating local jobs
- Save money for ratepayers by avoiding long-distance transmission costs
- Come online faster than remote power plants
- Protect pristine environments from remote power plants and avoided long-distance transmission lines
- Increase social equity and local resilience
- Democratize control and ownership of energy resources

Solution: Assess transmission access charges only on energy that uses the transmission grid and on other measurable value that the grid provides.

SB 692 directs the California transmission grid operator (CAISO), to review its current methods of assessing transmission access charges and to adopt a consistent approach for all load serving entities, including both the monopoly utilities and Community Choice energy programs (unless CAISO identifies a justifiably better alternative).

The California Alliance for Community Energy advocates for a solution that would impose **transmission access charges based principally on energy delivered through the transmission grid**. This means installing meters at substations to measure energy downflow from the transmission grid to the distribution grid. This would mean:

- A one-time cost of approximately \$1 per utility ratepayer, for a total of about \$20 million (no cost to state government)
- Savings to utility ratepayers of an estimated \$38 billion in future transmission costs

It is worth noting that most municipal utilities—for historical reasons—pay transmission charges only on energy they pull down from the transmission grid. Local renewable energy projects in these utility service territories benefit from their avoided transmission costs. AB 692 envisions applying this same solution to all renewable energy projects.

How SB 692 benefits Community Choice energy programs

SB 692 contains language to ensure the proper allocation of transmission access charges to Community Choice energy programs. This would enable Community Choice programs to reduce these charges by procuring energy from local renewable energy projects. This helps Community Choice energy programs that seek the many benefits that come from the development of local renewable energy resources.

Urgent need for legislation

Efforts over the last couple years to convince CAISO to address this issue have been met by a series of delays.

Now that California's Renewable Portfolio Standard has been increased to 50% by 2030, it is urgent to resolve this issue. State agencies, utilities, and Community Choice energy programs are now setting energy procurement strategies to meet the new standard. Whether local renewable energy projects continue to be burdened with this unfair charge will impact these strategies.

It is therefore imperative that the fix envisioned in SB 692 be implemented as soon as possible.

Impacts of SB 692

- Level the playing field for local renewable projects
- Realize powerful economic, social, and environmental benefits for California communities
- Save California ratepayers billions in future transmission costs



For more information and to support SB 692, contact Becca Claassen, Program Coordinator, California Alliance for Community Energy: becca@cacommunityenergy.org, (805) 865-2231