Scrapping California's Electric Grid System is a Giveaway to Dirty Fossil Fuels

Energy companies are pushing for more electricity deregulation in California, the likes of which brought rate spikes and rolling blackouts early this century.[1] Energy industry interests have been spending record amounts to stave off future pollution regulation and are now attempting to transform California's electricity grid into a risky regional power system.[2] This proposal would further deregulate electricity, enrich corporate utility companies, reduce public accountability and raise California's electricity rates.

The so-called grid regionalization proposal would radically change California's electric system by replacing the California Independent System Operator (CAISO) with a new regional electrical grid, giving out-of-state power systems authority over California's electric system. Currently, CAISO oversees the flow of electricity from power plants to California homes and communities, helps to plan for future power needs and sets transmission rules that affect household electricity rates.

While CAISO is not perfect – for one, it has contributed to the state's gas-fired power plant glut – the California grid is relatively transparent, with locally-appointed board members and opportunities for stakeholder participation over things like power transmission infrastructure, rates and investments. The regionalization proposal would weaken California's control over its own power system and give out-of-state power companies and regulators the ability to undermine California's environmental and renewable energy policies necessary to counteract deepening climate chaos.

Regionalization would derail California's efforts to curb climate change

Regionalization would flood California with dirty energy from nearby states and short-circuit California's policies to source clean, renewable energy. Today, California has more wind, solar and geothermal energy combined than any of the 10 states considered in the regionalization proposals.[3] For example, Wyoming already exports 60 percent of the power it generates, 85 percent of which comes from coal-fired plants.[4] Regionalization would hamper California's ability to identify the source of imported electricity and make it harder to prevent more fossil fuel-fired plants from exporting power to California.[5]

The shift to greater regionalization could encourage the federal regulator (the Federal Energy Regulatory Commission, or FERC) to intervene over California's electric grid and power planning policies.[6] This could further threaten California's renewable energy movement, especially because of FERC's pro-fossil fuel record. In 2016, a federal court struck down Minnesota's ban on importing coal-fired electricity because the state was part of a regionalized grid, making the state subject to FERC's oversight.[7] Tellingly, FERC has approved every gas pipeline proposal brought before it except one in the last 30 years.[8] Things are only getting worse under the climate change-denying Trump administration.

Regionalization would weaken California's ability to chart its own future

The regionalization proposal would ultimately replace CAISO with a structure where new participating states would have greater influence than California in the planning, direction and oversight of the regional grid — even though California represents half the population and nearly 40 percent of the electricity sales in the possible 11-state network.[9] This would dilute California's role and elevate coal-state interests. Moreover, FERC would have wide latitude to review and even veto any proposed board structure or grid governance, which could further limit California's control over its own energy destiny.[10]

Regionalization would benefit distant companies and cost Californians

A regionalized grid would reduce accountability and accelerate the approval of expensive and unnecessary power infrastructure. Warren Buffet's PacifiCorp, a largely coal-fired utility company, is pushing to build a $6 billion multi-state transmission line, and the company believes a regionalized CAISO would be more likely to approve it. California ratepayers would be on the hook for some of these new costs.[11]

Regionalization would cost California good jobs

A CAISO report found that regionalization would reduce renewable energy jobs in California by increasing reliance on imported electricity.[12] For example, regionalization would likely undermine efforts by the Imperial Irrigation District to build geothermal power facilities in one of the state's most disadvantaged areas.[13] The regionalized power market would essentially pit California renewable workers against workers toiling under less-safe conditions in nearby states.[14]

Regionalization would increase electricity price manipulation

Large regional transmission organizations, like the proposed CAISO expansion, are often governed by boards with utility industry ties – and sometimes with former energy executives.[15] The CAISO board is already stacked with fossil fuel industry cronies; its current CEO is a former utility executive.[16] Regionalization would worsen this revolving door of industry influence over CAISO and could weaken necessary regulatory oversight.

The manipulation of energy transmission markets by speculators already costs Californians on average $76 million annually.[17] From 2005 to 2016, federal regulators fined banks and utilities over $500 million for running afoul of electricity market speculation rules in California.[18] More regionalized markets with more companies selling power are more likely to be vulnerable to manipulative speculation that can raise prices.[19]

Regionalization would worsen CAISO's preference for fracked gas over renewables

CAISO disingenuously claims regionalization would shut down natural gas plants,[20] but CAISO helped create California's current gas-fired energy glut.[21] Regionalization would let an expanded CAISO escape from California's oversight, including the growing opposition to the state's fracked natural gas dependency that could hold CAISO accountable.

CAISO has played a part in discouraging genuine renewable energy. For example, CAISO often turns off solar power during peak mid-afternoon hours rather than shutting down more polluting fossil fuel plants that cost more per megawatt hour.[22] And CAISO has overestimated the costs of power storage technologies, undervalued investments in wind and solar facilities and allowed more gas-fired "peaker" plants.[23]

Take Action

The proposals to expand CAISO and create a regionalized, unaccountable, expensive and climate-destroying electricity grid must be stopped. Contact your state representative TODAY and urge them to OPPOSE the bill (Assembly Bill 813) that would regionalize CAISO: **foodandwaterwatch.org/california**

Endnotes

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