



FOR IMMEDIATE RELEASE

February 27, 2023

Contact: press@LightsOnCA.org

New report highlights the enormous potential of an RTO for California lawmakers — concludes the state’s clean energy and climate goals “can be achieved more quickly and with less cost through expanded regional energy cooperation”

With demand for clean power growing — amidst ongoing threats of blackouts and spiking energy prices — the Legislature requested a study last year on how participation in a regional transmission organization (RTO) could help California achieve its energy and environmental goals

The report, produced by the National Renewable Energy Laboratory, concludes an RTO would enhance reliability, lower energy costs, reduce emissions and increase transparency — while helping California achieve its 100% clean energy goals

SACRAMENTO — A new report by the National Renewable Energy Laboratory (NREL) prepared for the California Independent System Operator (CAISO) highlights the enormous benefits awaiting Californians through expanded Western regional clean energy cooperation, from lower energy costs and reduced emissions to increased transparency, enhanced energy reliability, and accelerated progress toward the state’s 100% clean energy goals.

“The studies reviewed, while varying in focus, are consistent and demonstrate that California’s goals for renewable energy and greenhouse gas reduction can be achieved more quickly and with less cost to Californians through expanded regional cooperation,” the NREL report concludes.

The final report, [*The Impacts on California of Expanded Regional Cooperation to Operate the Western Grid*](#), was requested by the California State Legislature last year with the unanimous passage of [ACR 188](#). The resolution specified the report summarize the latest research on the impacts of expanded regional cooperation on California — and how an RTO in particular could help the state advance its energy and environmental goals. RTOs are independent membership-based, non-profit organizations that operate multi-state electricity grids, oversee regional wholesale electricity markets, and provide reliability planning for their region. Seven RTOs in other parts of the country cover about half of U.S. states and meet two-thirds of national energy demand. The West is one of the only regions without one.

“California is a global leader on climate change and renewable energy. With extreme heat and wildfires straining the grid every summer, we must make sure our power system is reliable and affordable. This is step one to protect businesses and jobs during California’s transition to cleaner energy solutions,” says **Brady Van Engelen, Policy Advocate on Energy and Climate for the California Chamber of Commerce**. “Today’s report shows we need to think outside the box. Working with other states is clearly the best option for meeting the state’s energy needs, boosting local energy jobs and renewable development and tapping into the vast low-cost clean energy supplies being produced across the West.”

NREL's report highlights a "consistent narrative" in existing research on the benefits of regional energy cooperation:

- The measurable benefits of regional cooperation include production cost savings, resource capacity savings, and emission reductions.
- Qualitative benefits include greater transparency, increased stakeholder participation, and more efficient use of the transmission system.
- Regional cooperation can enhance reliability, especially under stressful conditions that impact the availability of some generation and transmission assets.
- A geographically larger operational footprint tends to yield greater resource and load diversity.
- An RTO, because it is a more comprehensive structure for cooperation that optimizes a wider array of grid functions, tends to yield greater cost savings and grid flexibility than more limited forms of cooperation.
- Larger and more comprehensive structures also expand the types of issues that need to be addressed, such as governance and principles for allocating the cost of new transmission.
- More limited forms of cooperation also yield benefits such as cost savings, even though the benefits might not be as large as they would be with more comprehensive frameworks for cooperation.

"In order to fully decarbonize California's grid, the state will need a lot more clean energy than we have today," says **Michael Colvin, Director of the California Energy Program at Environmental Defense Fund**. "This report clearly shows a western regional market can help keep the grid affordable, reduce emissions, ensure reliability, and prevent blackouts."

"California will leave clean energy jobs on the table without a better way of exporting our excess power to neighboring states," says **Alex Jackson, Director of American Clean Power-California**. "Today's report is clear: The old ways won't cut it. Clean power providers need access to a wider regional market to turn California's abundant renewable energy potential — on-land and offshore — into the clean electricity every community deserves."

NREL concludes that an RTO would help the state achieve these goals by bringing down the cost of both clean energy production and transmission. The NREL report cites one recent study that found an RTO of 11 western states would [save Californians up to \\$563 million in annual energy bill savings](#), create 138,700 new high-paying jobs (averaging \$91,000 in annual compensation), produce \$21.7 billion in economic growth, and accelerate 470 megawatts of new clean energy construction (enough to power nearly 90,000 homes).

The report also concludes expanded regional energy cooperation is vital to maintaining the reliability of California's energy system, with benefits including:

- Less curtailment of solar and wind resources due to congested transmission paths
- The ability to move excess wind and solar power elsewhere in the region when local production is high and demand is low
- More operational flexibility to manage the variation in solar and wind output
- Better grid resilience (the ability to mitigate or recover from extreme weather events and other major outages).

"State lawmakers unanimously requested this study because they wanted the facts about what energy regionalization actually means. Today's report shows the stakes could not be higher. Working with other states will have enormous benefits — to energy customers, the environment, and our state's clean energy industry," says **Amisha Rai, Vice President of Policy and Advocacy at Advanced Energy United**. "Legislators should view this report as a mandate to take decisive action. Regionalization is a roadmap to a cleaner, more affordable, more reliable energy future."

“California needs a lot more renewable energy than we have today, and we must find a way to deliver it to every community at a lower cost,” says **Jan Smutny-Jones, Executive Director of the Independent Energy Producers Association**, “This report shows California’s leaders must think beyond our borders. States across the West share California’s clean energy goals, and it makes sense to work with our neighbors to achieve them. Going alone is a much harder and more expensive path. The time has clearly come for regional clean energy solutions.”

Read the full National Renewable Energy Laboratory report [here](#).

Lights On California is a coalition of clean energy, business, and environmental advocates committed to expanding clean energy adoption through regional cooperation across the West. More information is available at: LightsOnCA.org. Follow us on Twitter at [@LightsonCalif](https://twitter.com/LightsonCalif).

###