

Achieving Affordable Energy

Using Alternative
Financing Mechanisms
to Fund Large Energy
Infrastructure Projects

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Introduction

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State Climate Policy Network



Network of **15,000+**

- State and local elected officials
- NGO advocates
- Researchers
- State agency staffers
- Organizers and activists
- Business leaders

... working on state climate policy

www.climate-xchange.org/network

Pro Bono Policy Assistance

We specialize in state climate policy design and analysis.
Reach out to kristen@climate-xchange.org with your requests on:

- **Example states** and **model rules** for a given policy
- **Gap analysis** of your state's climate policy landscape
- **Connections** to other actors working on similar issues

Achieving Affordable Energy: *Using Alternative Financing Mechanisms to Fund Large Energy Infrastructure Projects*



Daniel Tait

*Executive Director,
Energy Alabama*



Sam Uden

*Managing Director,
Net-Zero California*

Agenda

1. Alabama's Powering Growth Act
2. California's Infrastructure Accelerator and Revolving Fund
3. Q&A

Speakers

Daniel Tait



Executive Director

Energy Alabama

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Powering Growth Act

Daniel Tait, Executive Director

February 12, 2026



 ENERGY ALABAMA

Advancing Alabama's Clean Energy Future

1. Education
2. Policy

What is the Powering Growth Act?

01

Creates the Alabama Energy Infrastructure Bank and the Strategic Energy Infrastructure Development Fund.

02

State Industrial Development Authority to make loans, provide financial assistance, and help procure long-lead time energy infrastructure components for eligible projects.

03

The bank can issue up to \$1 billion in 40-year bonds, with 40% reserved for rural areas. No single electric provider can receive the majority of the funding.

Eligible Projects

- Qualifying projects, per Department of Commerce
 - Includes power generation projects
- Economic development projects
- Projects to facilitate future economic development

More Details

- Generation source agnostic and/or not required
- Application must be made by *or* involving the utility
- “Strategic Fund” seeded by \$50M
 - Long lead time items (24 months or longer) - Limited to \$250k
 - Site specific infrastructure
- Required public reporting to the State during the term of the agreement(s)
- SB311 - Expedited permitting on public rights of way!

History, Passage, Limits

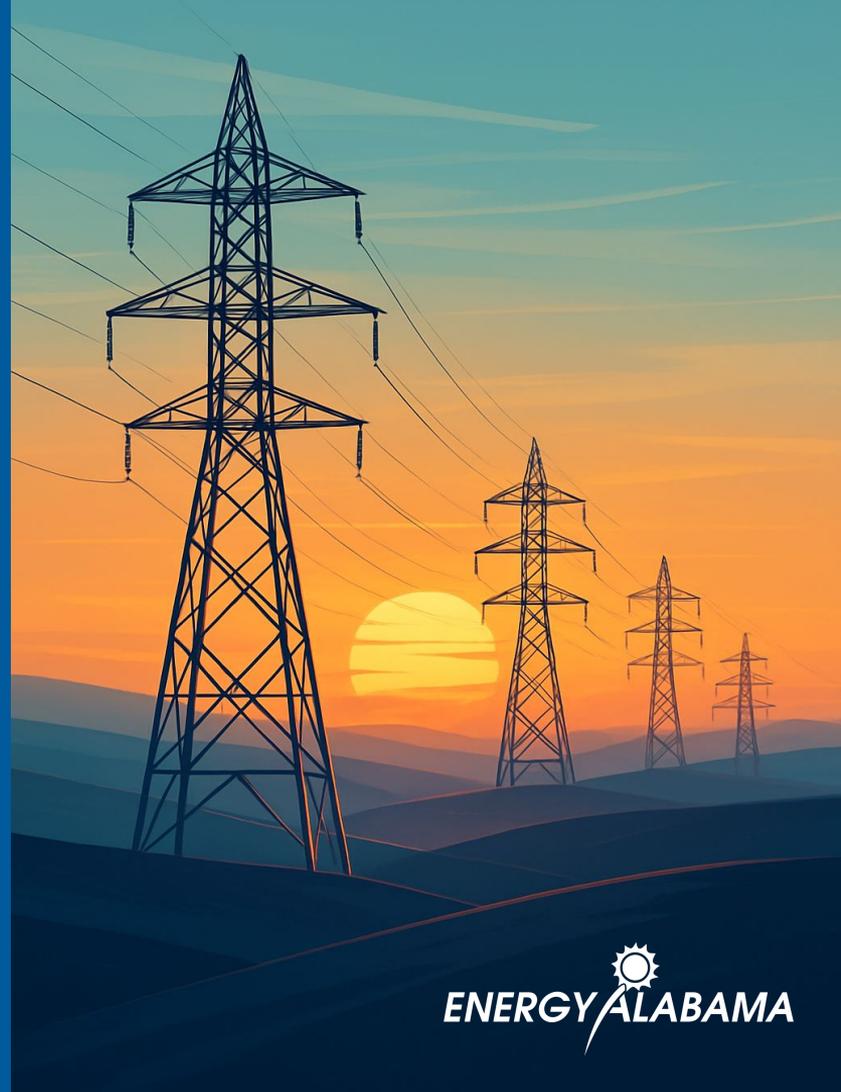


What's Next?

- Show success
- Increase bonding limit
- Raise \$\$\$ for strategic fund
- Change definition of “eligible project”?



Questions?



ENERGY ALABAMA

Speaker

Sam Uden



Managing Director

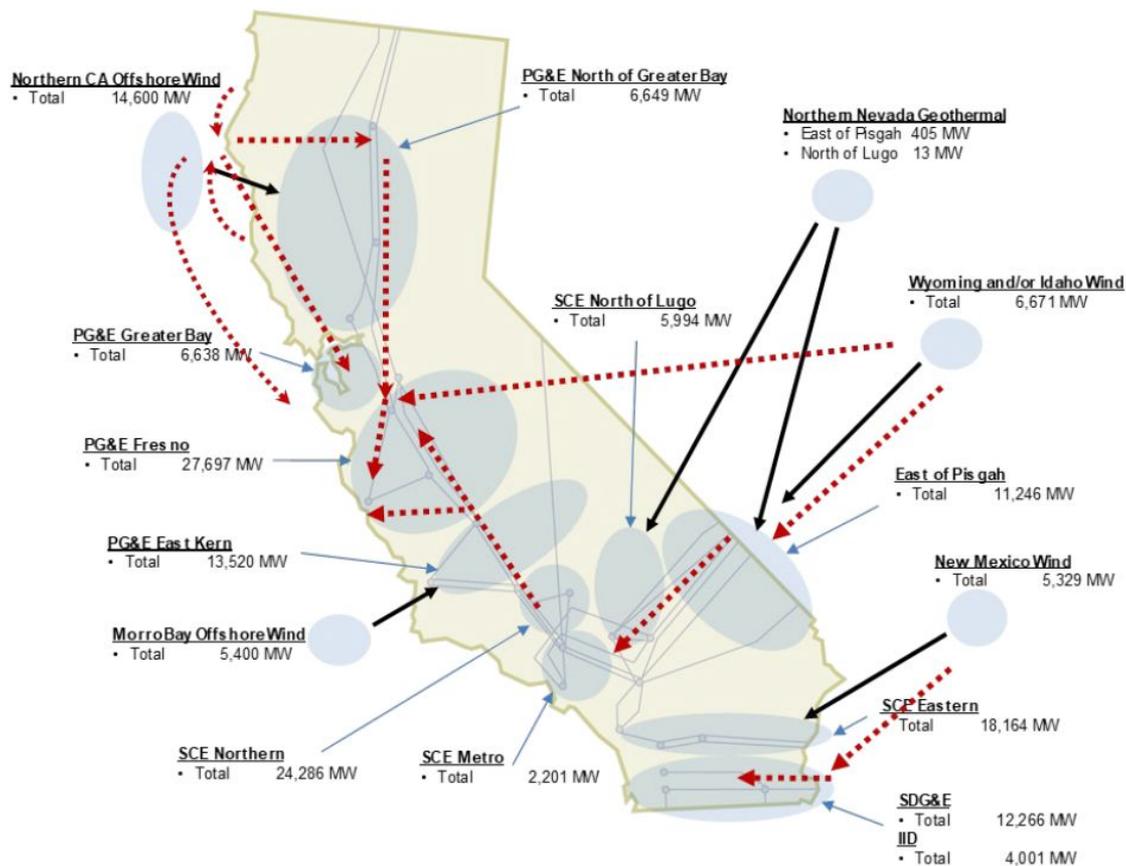
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CA Transmission Infrastructure Accelerator and Revolving Fund

Sam Uden – Net-Zero California

Figure ES-1: Transmission Development



- **Problem:** Lots to build; potential to be very expensive; takes 10-years to build transmission
- **Goals:** Need to go *fast*; keep costs as low as possible

What was won?

- SB 254 (Becker, Petrie-Norris):
 - Establishes Transmission Infrastructure Accelerator – i.e. a Task Force of state agencies – who are authorized to identify high-priority Tx lines and facilitate public financing, potentially public ownership (“P3”), and other streamlining (e.g. permitting)
- AB 1207 (Irwin):
 - Cap-and-Invest reauthorization, incl. an allocation of auction proceeds to a Transmission Infrastructure Accelerator Revolving Fund (approx. \$2B over five-years)

What did it take?

- In our experience...three ingredients to success:
 1. **Political context:** Affordability, affordability, affordability
 2. **Credible analytical foundation:** Study showing clear savings benefits
 3. **Shepherding it the whole way:**
 - IOUs (and potentially utility labor) opposition; partnered with: ratepayer advocates, large energy users/customers, ENGOS
 - Clear and simple message: “You can save ratepayers \$XX billion per year while getting exactly the same infrastructure”
 - Really good legislative champion (for us: AU&E Committee Chair)

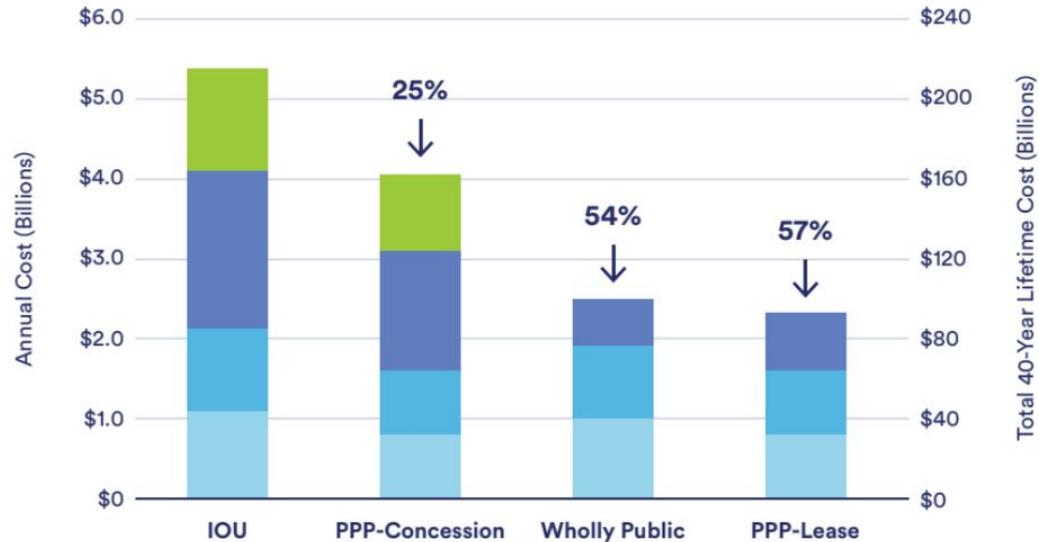
Analytical foundation

Key point: This is an uncontroversial analysis

Figure 2 – Alternative Financing Models: Annual and Total Cost Savings Potential

This figure shows the potential for 57 percent cost savings – equal to \$3 billion annually (left-hand axis) or up to \$123 billion over a 40-year asset lifetime (right-hand axis) – via a PPP-Lease model relative to an IOU financing and development scenario of the 20-Year Outlook portfolio.

- Taxes
- Return on Rate Base
- Depreciation Expense
- Operating Expense



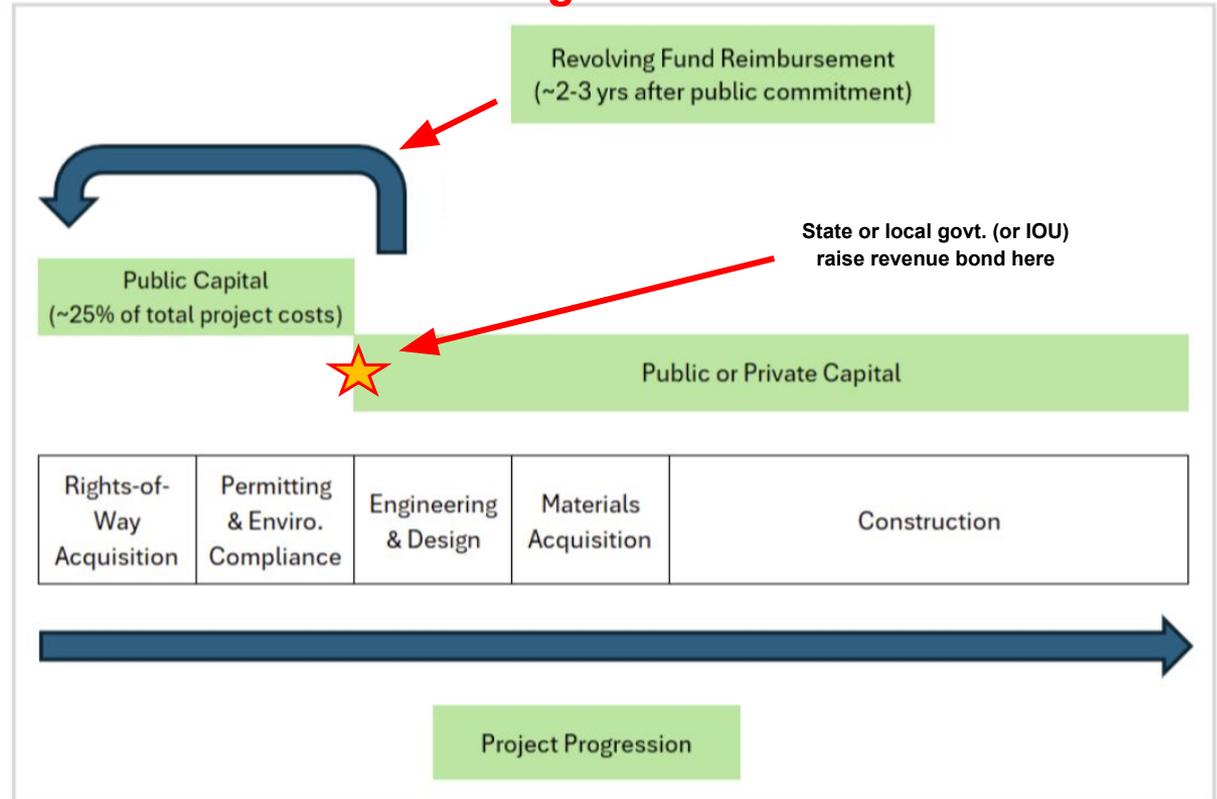
Policy design

- Would describe our transmission authority as “bottom-up and efficient” vs. other proposals.
 - Specifically: NOT a new state agency endowed with all the authorities needed to own, finance, operate Tx – not politically viable in CA
 - TIA design: Pools existing agency authorities that are needed; augments with some additional policies
- **Other elements**: (i) Competition-eligible lines only; (ii) Public ownership is not compelled (but it is prioritized when possible)

Bonding authority

- **Key takeaway:** you CANNOT raise a revenue bond at the idealized low-cost public debt rates just with TPP approval.
- Investors need greater confidence that the (multi-billion \$\$) project is going to go.

How we envisage implementing public financing:



Implementation to come

- “Transmission financing” a relatively complex policy issue; also many legitimate implementation nuances.
- Can’t set it all in legislation; started with a short bill that established the broad goals and built it out over the session.
- **Now focused on implementation:** staffing up the agency, prepping materials to support their job, ensuring TIA keeps getting socialized (e.g. anticipate IOUs may try to slow it down), etc.
- **Key initial outcome:** \$325M allocated to TIA Revolving Fund in Gov’s January budget.

Q&A

Thank you for joining!

**Reach out to
kristen@climate-xchange.org with any
additional questions!**

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