

April 30, 2025

Honorable Steve Padilla
California State Senate
1021 O Street, Suite 7630
Sacramento, CA 95814

SUBJECT: SB 330 (Padilla) – SUPPORT

Dear Senator Padilla:

On behalf of the State Water Contractors (SWC)¹, I am pleased to inform you that we support your SB 330, as amended on March 28, which would authorize the Governor to establish one or more pilot projects to develop, finance, or operate electrical transmission infrastructure.

The SWC is an organization representing 27 of the 29 public water entities that hold contracts with the California Department of Water Resources for the delivery of State Water Project (SWP) water. Collectively, the SWC members provide a portion of the water supply delivered to approximately 27 million Californians, roughly two-thirds of the state's population, and to more than 750,000 acres of irrigated agriculture. Water supply delivered to the Bay Area, San Joaquin Valley, Central Coast, and Southern California from the SWP is diverted from the Sacramento-San Joaquin River Delta.

The SWP service area is home to a population of more than 27 million Californians and supports an economy with a Gross Domestic Product surpassing \$2.3 trillion, making it the backbone of California's economic engine. The SWP's water delivery operations make it one of the largest single users of electricity in California, in addition to production of approximately 14 percent of the state's hydropower generation. Additionally, the SWP provides environmental benefits, flood protection, and recreational opportunities statewide.

¹ Alameda County Flood Control District Zone 7, Alameda County Water District, Antelope Valley – East Kern Water Agency, Casitas Municipal Water District, Central Coast Water Authority, City of Yuba City, Coachella Valley Water District, Crestline – Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Kings County, Littlerock Creek Irrigation District, Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Clara Valley Water District, Santa Clarita Valley Water Agency, Solano County Water Agency, and Tulare Lake Basin Water Storage District.



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SWP energy costs are a major pressure on water affordability in California. Depending on the water year, energy costs can be upwards of \$500 million alone. These costs include energy purchased in the day-ahead/real-time markets, transmission access charges, other CAISO market charges, compliance with the cap-and-trade program, debt servicing for facilities, and contracts for renewable energy. Over the next two decades, SWP energy costs alone will increase several billions of dollars due to two primary drivers: meeting California's clean energy goals and transmission access charge costs associated with the buildout of the high voltage transmission network to meet the needs of the electricity grid in the future.

Costs to harden, enhance, and build out California's transmission grid are projected to surge by at least \$45 to \$60 billion over the next two decades (*CAISO 20-Year Transmission Outlook, July 31, 2024*). Earlier this year, the CPUC's Public Advocates Office testified at a legislative hearing that transmission costs have increased 3.7x since 2009 and could potentially increase another 4.5x by 2045. These new costs will be borne by all users, even existing users like the SWP, which has its load satisfactorily served today without the need for grid expansion. **The SWP, and all of its water ratepayers, pays approximately 3 percent of the high-voltage transmission access charge on an annual basis.**

Your SB 330 presents an important opportunity to examine creativity in how Californian's develop, finance, and operate electrical transmission infrastructure at a time when affordability concerns are extremely acute. We appreciate the leadership you are bringing to this important topic because, while the need for new electricity transmission is substantial, the models upon which costs are imposed and borne by users and consumers are essential to considering and addressing impacts beyond direct-line energy costs. Water customers – especially those impacted by the SWP energy cost escalation – will also feel the brunt of increasing energy costs, which will only serve to exacerbate affordability and cost-of-living challenges.

For these reasons, we support your SB 330.

Please don't hesitate to contact me at jpierre@swc.org or at (707) 280-9673, or SWC's legislative advocate, Glenn Farrel, at glenn@gfadvocacy.com or (916) 216-1747, if you have any questions regarding the SWC's position on SB 330.

Sincerely,



Jennifer Pierre
General Manager