Legal Pathways to Lowering Transmission Costs in New England Through Public Transmission Financing

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Executive Summary

This report describes legal and institutional reforms that would allow New England states to use public or public-private financing vehicles to reduce the costs of high-voltage transmission. It analyzes existing authorities in New England that could support transmission investment and describes financing programs in other states to explain how this model has been used successfully elsewhere. Together, these examples illustrate the legislative and regulatory changes needed to make public transmission financing viable in New England.

Public financing can reduce overall project costs by substituting tax-exempt, lower-cost public debt for a portion of investor-owned utility equity and taxable debt. Public financing can also advance broader policy objectives by attaching labor, community engagement, conservation, or environmental restoration covenants to transmission investments.

New England already has several public and quasi-public entities with some of the tools needed to support public transmission investment. These include the Massachusetts Municipal Wholesale Electric Company (MMWEC), MassDevelopment, the Rhode Island Infrastructure Bank (RIIB), and the Connecticut Green Bank, among others. Some of these entities already have powerful financing tools. Others have only limited authority to support transmission financing, and their governance structures may not be suited to supporting large-scale transmission investment. Three key constraints are that (a) their enabling statutes generally require that financing be tied to facilities used by their own members or in-state projects; (b) borrowing caps limit their ability to support large, multi-state projects; and (c) current governance structures give existing members decision-making authority over how to allocate public infrastructure financing even though these members may not have the expertise, capacity, or motivation to support large-scale regional transmission.

New England states therefore have two plausible paths to promote public transmission financing. The first is to strengthen existing authorities by explicitly authorizing financing for projects developed through Independent System Operator – New England (ISO-NE) and state agreement processes. This approach is likely the administrative and legislative path of least resistance. These entities already exist, and some already have statutory authorization to support large-scale transmission investment, meaning states would not have to create a financing authority from scratch. The downside is that these entities were not designed to support regional transmission projects, so legislative and governance reform may be necessary to make sure that they possess the expertise, capacity, and motivation to support large transmission projects in New England.

The alternative path is to create a new transmission authority or financing agency to act on behalf of the state or jointly with other New England states. This approach would potentially face more political headwinds than the first approach, since states would have to create an entirely new administrative agency with statutory authority to issue public debt to support transmission investment. The advantage is that the newly created financing entities could be structured from the outset to be politically accountable, have relevant technical expertise, and represent diverse stakeholders, all while being specifically charged with advancing New England's long-term transmission needs.

Regardless of which approach is taken, any new transmission financing program should adhere to four legal and governance principles:

- First, there must be a clear statutory mandate to support transmission that gives the financing entity authority to own, co-own, or issue debt to support FERC-jurisdictional high-voltage transmission that serves the state's load or policy needs, including facilities located outside the home state.
- Second, the entity should have the power to participate in public-private partnerships as a financing partner and/or equity co-owner. That means it must be able to issue revenue bonds secured by project revenues and partner with private developers.
- Third, the transmission financing entity should be authorized to become an ISO-NE Participating Transmission Owner or be a contractual co-owner whose revenue requirement is recovered under the ISO-NE tariff.
- Fourth, the program should have governance and risk controls that ensure that the financing authority represents state interests. That could occur through a board consisting of state officials, industry, consumer, labor, Tribal, environmental justice representatives, as well as independent experts. It should also have debt caps and risk-sharing rules to avoid over-leveraging a single quasi-public balance sheet and mandate that long-term bonds be tied to stable FERC-jurisdictional revenues or contracts.

Note that a potential transmission financing entity would not necessarily plan lines itself. The entity is simply a tool for financing and, where appropriate, owning the resulting projects. ISO-NE and the states would continue to identify transmission needs, and future projects identified through ISO-NE processes or state agreements could incorporate new public transmission financing.[1] And, as discussed further below, the entity could also potentially be leveraged to provide lower-cost financing for upgrades to existing transmission lines, known as asset condition projects (ACP).

The remainder of this report proceeds as follows:

Section 1 – Describes deficiencies in New England transmission planning and explains why the transmission cost of capital matters for New England ratepayers.

Section 2 – Summarizes legal models from New Mexico, Colorado, New York, and California.

Section 3 – Analyzes shared characteristics of existing financing authorities.

Section 4 – Surveys New England's existing public and quasi-public authorities, provides an overview of their current legal powers.

Section 5 – Offers recommendations about how to reform existing financing authorities or design a new transmission financing program.

[1] Mechanisms to incorporate public financing into the ISO-NE Longer-Term Transmission Planning process and voluntary State Agreements is described in companion analysis by Power Advisory, https://cdn.catf.us/wp-content/uploads/2026/05/18122400/Power-Advisory_Public-Transmission-Financing-in-New-England_5.5.2026.pdf.

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SECTION 1

Public Capital for Transmission

Although New England utilities spend a great deal on grid infrastructure every year, most transmission investment goes towards small, local projects that rarely support the region's transmission needs. This part describes the legal and regulatory framework that creates incentives for utilities to prefer local projects, regardless of whether those projects are cost-effective, and explains how public financing could help lower transmission costs.

Transmission Costs in New England Are High

Over the last two decades, New England utilities have spent an enormous amount of money building and repairing transmission, and current forecasts project that those costs will continue to grow, largely because of the need to repair and replace aging infrastructure.[2] According to ISO-NE, as of June 2023, the region had invested roughly $11.9 billion in reliability-focused transmission upgrades since 2002.[3]

There is reason to think, however, that these are not the most efficient transmission investments, largely because very few projects are selected through the forward, multi-benefit, competitive planning process that is designed to cost-effectively meet the region's transmission needs.[4] Large, high-voltage projects can provide significant economic, reliability, and environmental benefits.[5] Long-distance lines allow regions to import energy from geographically distant, low-cost generators, reducing congestion and lowering wholesale energy prices by expanding the set of

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2 ISO New Eng. Inc., 2023 Reg'l Sys. Plan 93 (Nov. 1, 2023) (noting reliability-upgrade totals exclude "investments needed to repair and replace aging elements" and that many assets are reaching end of useful life), https://www.iso-ne.com/static-assets/documents/100005/20231114_rsp_final.pdf.

3 ISO New Eng. Inc., 2023 Reg'l Sys. Plan 24 (Nov. 1, 2023) (reporting approx. $11.9B in reliability transmission upgrades since 2002 as of June 2023), https://www.iso-ne.com/static-assets/documents/100005/20231114_rsp_final.pdf. More recent ISO-NE materials show roughly $13 billion invested since 2002 and project roughly $450 million of additional reliability spending. ISO New Eng. Inc., Overview & Regional Update 6 (May 9, 2023) (presentation) (reporting $11.9B invested since 2002; $1.3B planned), https://www.iso-ne.com/static-assets/documents/2023/05/isone_overview_and_regional_update_May_9_2023_ri_leg.pdf; ISO New Eng. Inc., Overview of Transmission Planning 3 (July 2025) (presentation) (reporting $13B invested since 2002; $450M planned), https://www.iso-ne.com/static-assets/documents/100025/oet_july2025_txplanning_final.pdf.

4 It is tricky to get a precise number on how many ISO-NE projects go through a full, forward-looking process, in part because ISO-NE rolls many non-competitive and non-public policy projects into its regional system plan. Still, there is reason to think that the number is extremely low. According to a NESCOE whitepaper published in June, 2024, ISO-NE's "competitive process has been used once since Order 1000 was implemented," and the public-policy transmission planning process "has never been used." See NESCOE, U.S. northeastern RTOs ISO-NE/NYISO/PJM Inter-Regional Transmission Planning Landscape (Jun. 11, 2024), https://nescoe.com/resource-center/interregional-transmission-planning-landscape/.

5 See U.S. Dep't of Energy, National Transmission Needs Study ii (Oct. 2023), https://www.energy.gov/sites/default/files/2023-12/National%20Transmission%20Needs%20Study%20-%20Final_2023.12.1.pdf ("Geographic areas where a transmission need exists would benefit from an upgraded, uprated, or new transmission facility – including alternative transmission solutions – to improve the reliability and resilience of the power system; alleviate transmission congestion and unscheduled flows; alleviate power transfer capacity limits between neighboring regions; deliver cost-effective generation to meet demand; and/or meet projected future generation, electricity demand, or reliability requirements").

resources available to serve load.[6] Those same projects can also improve reliability by increasing transfer capability across the region, which reduces dependence on local, constrained resources.[7] That can be especially important during winter storms, when correlated gas infrastructure failures have contributed to severe reliability challenges.[8] Transmission can also support clean energy policies, as the best wind and solar is often located far away from load pockets that consume large amounts of electric energy.[9]

Yet relatively few projects in New England go through forward-looking, multi-benefit planning that would make sure transmission investment cost-effectively advances these goals. One explanation for pervasive underinvestment in large, high-voltage projects is that, although federal law requires regional transmission planners to periodically develop regional transmission plans that account for a variety of benefits, utilities in New England mostly plan transmission unilaterally based on the needs in their local service territory, primarily investing in small projects that address immediate and pressing reliability needs.[10] This overinvestment in local transmission can cannibalize the need to build regional projects that might have more cost-effectively supported the region's transmission needs.[11]

There are several reasons it has been difficult to build high-voltage regional lines in New England. Large regional lines must navigate complex regulatory review processes and obtain siting and permitting approvals from every state they cross.[12] Multiple states have an effective veto over projects designed to deliver regional benefits. In addition, utilities also have strong incentives to favor projects planned outside the regional process, since doing so allows them to avoid competition from rival developers while still earning guaranteed returns on transmission investments.[13] States and utilities may further resist long-distance regional lines if they are worried that their ratepayers will bear a disproportionate share of the costs. Thus, by steering investment towards small, local projects, utilities can maximize profits while minimizing regulatory risk. Doing so, however, may undermine the need or justification for ambitious projects that could more cost-effectively support the region's transmission needs.

While New England utilities have built very few high-voltage regional lines, they have spent billions on small local projects. For example, of the nearly $12 billion New England utilities spent on transmission between 2002 and 2023, many projects were aimed at addressing legacy constraints (e.g., post-contingency overloads, voltage concerns, and short-circuit levels) and meeting reliability criteria set by North American Electric Reliability Corporation (NERC), Northeast Power Coordinating Council (NPCC), and the ISO.[14] More recently, asset condition projects, which refer to utility-initiated replacements and refurbishments of existing transmission equipment, have become the primary driver of new transmission spending. The New England States Committee on Electricity (NESCOE) has observed that "asset condition spending now constitutes the majority of new regional transmission investments" and that, as

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6 *See id.*

7 *See id.*

8 FERC, NERC and Regional Entity Staff Report, Inquiry into Bulk-Power System Operations During December 2022 Winter Storm Elliott, (Oct. 2023), https://www.ferc.gov/sites/default/files/2024-02/24_Winter-Storm_Elliot_0207_UPDATE.pdf.

9 *See* Transmission Needs Study, supra note 5, at 9, 43 .

10 *See* NESCOE, Comments to Consumer Complaint Seeking Regional Planning for FERC-Jurisdictional Transmission Facilities at 100 kV or Above (Docket No. EL25-44-000) (Mar. 20, 2025) https://nescoe.com/resource-center/regional-planning-complaint-comments/ ("The exclusion of asset condition projects from regional planning processes can lead to instances where significant system design decisions are ultimately made by the transmission owner instead of the regional planner simply due to timing.").

11 *See* Alexandra Klass, Joshua Macey, Shelley Welton, & Hannah Wiseman, Grid Reliability Through Clean Energy, 74 Stan. L. Rev. 969, 1028-32 (2022).

12 FERC has limited siting authority, which it can only exercise in certain designated corridors, and only after states have denied approval of a transmission project or withheld approval for a year *See* 16. U.S.C. § 824(p).

13 *See* Ari Peskoe, Is the Utility Transmission Syndicate Forever?, 42 Energy L. J. 1, 35 (2021); Joshua C. Macey, Outsourcing Electricity Market Design, 91 U. Chi. L. Rev. 1243 (2024); Joshua Macey & Elias van Emmerick, Towards a National Transmission Planning Authority, 49 Harv. L. Rev. 79 (2025).

14 ISO New Eng. Inc., 2023 Reg'l Sys. Plan 24, 71 (Nov. 1, 2023) (Greater Boston upgrades addressing overloads/voltage/short-circuit issues; reliability criteria set by NERC/NPCC/ISO-NE), https://www.iso-ne.com/static-assets/documents/100005/20231114_rsp_final.pdf.

of 2023, almost $5 billion of asset condition projects were proposed, planned, or under construction in New England.[15] According to the ISO-NE itself, by June 2025, cumulative investment in asset condition projects had reached about $5.5 billion, with an additional $5.8 billion of asset condition spending forecast through 2032.[16] Studies looking further out suggest significantly larger capital requirements if the region is to meet its clean energy and reliability goals.[17]

High Capital Costs Contribute to High Transmission Rates

Cost of capital is a significant driver of high transmission costs. Investor-owned utilities (IOUs) typically recover their transmission investment through FERC-regulated rates that are designed to provide a "fair" return on the equity and debt they use to finance projects. Recent FERC decisions for transmission owners in the Midcontinent ISO, for example, set an allowed return on equity (ROE) of about 9.98% for "average-risk" utilities, with the possibility of higher ROEs (around 11–12%) for higher-risk projects or when incentive adders apply.[18] Many ISO-NE transmission owners receive ROEs above 11%.[19] State and federal regulators often authorize capital structures that are roughly 50–60% common equity and 40–50% long-term debt for large IOUs, meaning that roughly half of every transmission dollar earns this ~10% equity return,[20] while the other half is financed with taxable corporate debt at interest rates often in the mid-single digits.[21]

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15 New Eng. States Comm. on Elec. (NESCOE), Asset Condition Process Improvements – Next Steps (July 14, 2023) ("There are now almost $5 billion in asset condition projects proposed, planned, or under construction."), https://nescoe.com/resource-center/asset-condition-process-improvements-next-steps/. NESCOE later stated (May 2025) that the overwhelming majority of planned transmission investment – 93% – was in asset condition projects, with the region expecting to spend nearly $6 billion on planned asset condition investments compared to $420 million in planned reliability projects. NESCOE, Statement on Asset Condition Reviewer (May 16, 2025) (stating 93% of planned transmission investment is asset condition; nearly $6B planned asset condition vs. $420M planned reliability), https://nescoe.com/resource-center/nescoe-statement-on-asset-condition-reviewer/.

16 ISO New Eng. Inc., ISO New England Update (Consumer Liaison Grp. Mtg.) 21 (Sept. 11, 2025) (presentation slides) (reporting $5.5 billion cumulative asset-condition investment through June 2025 and $5.8 billion estimated future investment through 2032), https://www.iso-ne.com/static-assets/documents/100027/clg_meeting_george_iso_new_england_update_presentation_09_11_25_final.pdf. Other estimates are even higher. A recent Massachusetts Department of Public Utilities report, for example, cites ISO-NE projections that the region is expected to invest about $6.5 billion in asset condition and reliability transmission projects through 2030. Mass. Dep't of Pub. Utils., Advanced Transmission Solutions Report 48 (2025) (stating ISO-NE "is projected to invest another $6.5 billion in asset condition and reliability transmission projects through 2030"), https://malegislature.gov/Reports/26192/%285%29%20DPU%20Advanced%20Transmission%20Solutions%20Report.pdf.

17 ISO New Eng. Inc., ISO-NE's 2050 Transmission Study Identifies Potential Costs, Solutions to Support Reliability Throughout the Clean Energy Transition (Nov. 2, 2023) (reporting $17B–$26B cumulative upgrade costs for 2050 peaks), https://isonewswire.com/2023/11/02/iso-nes-2050-transmission-study-identifies-potential-costs-solutions-to-support-reliability-throughout-the-clean-energy-transition/; ISO New Eng. Inc., ISO-NE's 2050 Transmission Study Outlines Potential Costs, Solutions to Support Reliability Throughout the Clean Energy Transition (Nov. 2, 2023) (projecting $620M–$1B annual reliability transmission investment through 2050), https://isonewswire.com/2023/11/02/iso-nes-2050-transmission-study-identifies-potential-costs-solutions-to-support-reliability-throughout-the-clean-energy-transition/.

18 Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc., 189 FERC ¶ 61,036, at 19 (Oct. 17, 2024) (Order on Remand) (Docket Nos. EL14-12-016 & EL15-45-015) (setting the just and reasonable base ROE for average-risk MISO transmission owners at 9.98%), https://www.ferc.gov/sites/default/files/2024-10/EL14-12-016.pdf. *See,* e.g., Midcontinent Indep. Sys. Operator, Inc., 178 FERC ¶ 61,205 at P 2 (2022) (accepting a base ROE of 9.88% for MISO transmission owners), https://www.ferc.gov/media/e-2-rm20-10-000; see also Midcontinent Indep. Sys. Operator, Inc., 175 FERC ¶ 61,159 at PP 1–2 (2021) (similar), https://www.ferc.gov/media/e-2-el14-12-000.

19 *See* Power Advisory, Public Transmission Financing in New England (May. 2026), https://cdn.catf.us/wp-content/uploads/2026/05/18122400/Power-Advisory_Public-Transmission-Financing-in-New-England_5.5.2026.pdf.

20 The return on equity is the after-tax rate, which can imply an even higher pre-tax rate. *See* Travis Kavulla, Vice President of Regulatory Affairs, NRG Energy, High Power Bill Got You Down? Policy Strategies for Affordability, P. 9 (Dec. 12, 2025), https://www.nrg.com/assets/documents/energy-policy/dlcc-briefing-high-power-bills-got-you-down-121225.pdf.

21 The result is an all-in utility weighted average cost of capital (WACC) for transmission on the order of 7–8%, which becomes a major component of the annual transmission revenue requirement passed through to ratepayers. See, e.g., Application of San Diego Gas & Elec. Co. for Authority to Update Its Cost of Capital, at 1–2 (A.22-04-___) (Cal. P.U.C. filed 2022) (proposing an overall rate of return of 7.48% and a capital structure of 54% common equity / 46% long-term debt), https://www.sdge.com/sites/default/files/regulatory/FINAL%20A22-04-XXX%20SDG%26E%20TY%202023%20CoC%20Application.pdf; *See,* e.g., S. Cal. Edison Co., 131 FERC ¶ 61,020 at PP 93–96 (2010) (approving a 50/50 equity–debt capital structure for transmission construction), https://www.ferc.gov/sites/default/files/2020-05/E-10_18.pdf; N.Y. State Elec. & Gas Corp., 153 FERC ¶ 61,022 at PP 53–55 (2015) (finding a 52% equity, 48% debt capital structure reasonable for a transmission owner), https://elibrary.ferc.gov/eLibrary/filedownload?fileid=14091296.

By contrast, public and quasi-public entities that issue revenue bonds typically face lower borrowing costs and do not need to earn a shareholder ROE. Long-term AA-rated municipal and public-power bonds have recently yielded roughly 4-5% tax-exempt for 20- to 30-year maturities.[22] That category applies to public-power bonds that support transmission. For example, the New York Power Authority's (NYPA) "green transmission project revenue bonds" are currently rated AA/AA-.[23]

A stylized example illustrates the potential cost savings of using public debt. Consider a $1 billion high-voltage line recovered over 40 years. If it is financed by a traditional IOU at a weighted average cost of capital (WACC) of 7.5% (roughly consistent with a 10% ROE on a 55/45 equity-debt capital structure), the annual capital-related revenue requirement is about $80 million per year. If, instead, the same asset is financed primarily with public or quasi-public revenue bonds at 4.5%, the annual payment falls to roughly $55 million per year – a reduction of about $25 million annually, or more than 30% of the capital charge, over the life of the asset.

Over a 40-year term, the IOU-financed line has a nominal cost of approximately $3.18 billion, whereas the publicly financed line has a total nominal cost of approximately $2.17 billion, implying approximately $1 billion in nominal savings on a single $1 billion project.[24]

These results are consistent with more sophisticated modeling that finds public or public-private transmission financing could reduce ratepayer costs significantly compared to pure IOU financing. For example, an analysis of potential savings in California found that replacing a portion of IOU equity and taxable debt with public or quasi-public financing for transmission could reduce the cost of service by roughly 25%, saving California ratepayers up to $3 billion per year.[25] A similar analysis by Power Advisory focused on New England found that public financing could reduce the cost of new transmission by up to 43%, saving ratepayers $8.4 billion for projects needed to achieve carbon-reduction goals. The report also found that public financing could reduce the cost of asset condition projects by up to 34%, saving ratepayers $1.1 billion on currently forecasted projects.[26]

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22 *See* Municipal Market Yields, FMS Bonds (Jan. 1, 2025) (reporting AA-rated municipal yields for 20- and 30-year maturities), https://www.fmsbonds.com/market-yields/; See Bd. of Governors of the Fed. Reserve Sys., *Data Download Program: Municipal Bond Yields (20- & 30-Year AA Index)* (Dec. 2025), https://www.federalreserve.gov/datadownload.

23 *See* KBRA Affirms AA Rating, Stable Outlook on the New York Power Authority (NYPA) Green Transmission Project Revenue Bonds, Kroll Bond Rating Agency (Sept. 25, 2025), https://www.kbra.com/publications/NbSVzcPy/kbra-affirms-aa-rating-stable-outlook-on-the-new-york-power-authority-nypa-green-transmission-project-revenue-bonds; Fitch Affirms NYPA Transmission Project Revenue Bonds at "AA-"; Outlook Stable, Am. Pub. Power Ass'n (Sept. 13, 2025), https://www.publicpower.org/periodical/article/fitch-affirms-nypa-transmission-project-revenue-bonds-aa-outlook-stable.

24 This is the nominal amount and does not compute the present value.

25 *See* Public Investment in Infrastructure Is a Promising Option to Reduce the Cost of Transmission, Cal. Pub. Advocates Off. 3 (May 16, 2023) (stating a representative analysis finds roughly one-quarter lower net costs to ratepayers), https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/230516-caladvocates-public-investment-in-infrastructure.pdf; Wired for Savings Nationwide 1, 4–5 (Clean Air Task Force & Net Zero Cal. Dec. 2024) (finding potential savings of up to $3 billion per year and up to about $123 billion over 40 years under alternative financing models), https://cdn.catf.us/wp-content/uploads/2024/12/01211402/wired-for-savings-nationwide.pdf. See CAL. PUB. ADVOCATES OFF., Electric Transmission: Cost of Capital and Ownership Structures 18–23 (2023) (estimating roughly 20–30% savings from lower-cost public or public-private transmission financing), https://www.publicadvocates.cpuc.ca.gov.

26 *See* Power Advisory, supra note 22, https://cdn.catf.us/wp-content/uploads/2026/05/18122400/Power-Advisory_Public-Transmission-Financing-in-New-England_5.5.2026.pdf.

SECTION 2

Legal Models for Transmission Financing Outside New England

Several U.S. states already have transmission-specific authorities or public-power entities that plan, sponsor, and finance FERC-jurisdictional lines, often in partnership with private developers. Examples include New Mexico and Colorado, where dedicated transmission authorities have explicit bonding powers, and New York and California, where public-power authorities and state infrastructure banks can be used to finance policy-driven transmission projects backed by ISO/RTO tariffs.[27]

Transmission-Specific Authorities

New Mexico and Colorado have both created transmission-specific authorities with bonding power, which they have already begun using to support transmission.

New Mexico's Renewable Energy Transmission Authority

New Mexico's Renewable Energy Transmission Authority (RETA) is an example of a purpose-built state transmission authority. RETA was established by the New Mexico legislature in 2007 to "plan, license, finance, develop, and acquire high-voltage transmission lines and storage projects in order to help diversify New Mexico's economy through the development of renewable energy resources."[28] RETA can issue "renewable energy transmission bonds," payable solely from a dedicated bonding fund backed by project revenues, and those bonds are tax-exempt and expressly not general obligations of the state.[29] RETA's statute also allows it to "enter into partnerships with public or private entities,"[30] which it has done to support billions of dollars of transmission investment in New Mexico.[31]

Importantly, RETA's governance structure makes the Authority directly responsible and accountable to the state government. RETA is composed of six members.[32] Three are appointed by the governor with the advice and consent of the Senate.[33] One is the state treasurer or state treasurer's designee.[34] Another is appointed by the speaker of the House of Representatives.[35] And another is appointed by the president pro tempore of the Senate.[36] The statute also requires that the members have certain qualifications – for example, experience in finance, the renewables industry, and the utility industry – to make sure members have

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27 California's SB 254, which establishes the California Transmission Accelerator Revolving Fund Program, was only passed in October 2025.

28 RETA, About RETA, https://nmreta.com/about; see also N.M. Stat. Ann. § 62-6-26; N.M. Renewable Energy Transmission Auth., 2022 Annual Report 3 (2022), https://nmreta.com/wp-content/uploads/2022/12/NMRETA_Annual_Report_2022.pdf

29 *See* N.M. Stat. Ann. §§ 62-16A-4; 62-16A-8 to -13 (renewable energy transmission bonds; procedures; legal investments; tax exemption).

30 *See Id.* § 62-16A-4(B)(1).

31 Press Release, Pattern Energy, Pattern Energy and RETA Announce Energization of Western Spirit Transmission Line in New Mexico (Dec. 6, 2021), https://patternenergy.com/pattern-energy-and-reta-announce-energization-western-spirit-transmission-line-new-mexico

32 *See* N.M. Stat. Ann. § 62-16A-3(B).

33 *See* Id. § 62-16A-3(B)(1).

34 *See* Id. § 62-16A-3(B)(2).

35 *See* Id. § 62-16A-3(B)(3).

36 *See* Id. § 62-16A-3(B)(4).

expertise relevant to financing large transmission facilities. Other provisions, such as annual reporting requirements and oversight by the New Mexico finance authority oversight committee, are also designed to keep RETA accountable to the governor and the legislature.[37]

RETA has used its financing authority to support billions of dollars of transmission investment in New Mexico. For example, RETA co-developed with Pattern Energy the Western Spirit Transmission Line, which is a 155-mile, 345 kV line that can bring up to 800 MW of wind from central New Mexico and deliver it into Public Service Company of New Mexico's system near Albuquerque.[38] RETA co-owned the line and used its bonding and leasing powers to help finance the project. After completion, PNM acquired the line and now operates it as part of its transmission system.[39] Western Spirit was the largest new transmission project built in New Mexico since the 1980s and was explicitly structured as a first-of-its-kind public-private partnership between RETA and Pattern.[40]

RETA is now pursuing similar, potentially more ambitious projects. The RioSol Transmission Project is a planned 500 kV AC line of roughly 550 miles (about 350 miles in New Mexico) with 1,500 MW of capacity, co-developed by RETA and SouthWestern Power Group.[41] RETA's 2023 and 2024 annual reports describe RioSol as a public-private partnership, with RETA entering into a long-term lease and co-development agreement. The project is expected to be in commercial operation around 2028.[42] RETA has also entered into similar co-development or lease agreements for the Mora Transmission Project, North Path HVDC, among others.[43]

Colorado Electric Transmission Authority

Colorado's Electric Transmission Authority (CETA) is another example of a transmission-specific public entity. Enacted in 2021 as part of Senate Bill 21-072, CETA was created to "expand electric transmission facilities to enable Colorado to meet its clean energy goals" and to facilitate participation in organized wholesale markets.[44] The statute grants CETA a broad set of powers "necessary or incidental" to accomplishing its purposes, including the authority to issue revenue bonds; "identify and establish intrastate electric transmission corridors"; exercise eminent domain; and enter into contracts, leases, and intergovernmental agreements with utilities and private entities.[45] Colorado law expressly provides that CETA may "issue and sell electric transmission bonds, payable solely from the electric transmission bonding fund," and declares that the Electric Transmission Authority Act is, "without reference to any other law, full authority for the issuance and sale of bonds."[46]

Like RETA, CETA's governance structure is designed to make sure that it is accountable to the governor, the legislature, and interested parties. CETA's governing body consists of a nine-member board of directors.[47] Two board members are appointed by the governor, one by the Director of the Colorado Energy Office, three by the Speaker of the House, and three by the Senate.[48] CETA is also required to provide notice describing proposed eligible facilities and giving interested parties with an opportunity to challenge proposed projects.[49]

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37 *See* Id. § 62-16A-14 (reporting requirements); *id* § 62-16A-15 (legislative oversight).

38 *See* Western Spirit Transmission Project, RETA, https://nmreta.com/western-spirit-transmission-project.

39 *See id.*

40 N.M. Pub. Regulation Comm'n, RETA Transmission Projects Briefing 5–7 (July 10, 2023), https://www.nmlegis.gov/handouts/WNRC%20071023%20Item%202%20RETA.pdf

41 RioSol Transmission Project, RETA, https://nmreta.com/riosol-transmission-project

42 N.M. Renewable Energy Transmission Auth., 2023 Annual Report 4–5 (2023), https://nmreta.com/wp-content/uploads/2023/11/NMRETA_Annual_Report_2023.pdf; N.M. Renewable Energy Transmission Auth., 2025 Annual Report 3–4 (2025), https://www.nmlegis.gov/handouts/NMFA%20110325%20Item%202%202025%20Annual%20Report.pdf

43 N.M. Renewable Energy Transmission Auth., *2025 Annual Report, supra* note 42, at 3–5.

44 S.B. 21-072, 73d Gen. Assemb., 1st Reg. Sess. (Colo. 2021); *see also* Colo. Rev. Stat. § 40-42-102.

45 Colo. Rev. Stat. § 40-42-104 (2024); Fiscal Note, S.B. 21-072, at 3–4 (Colo. 2021), https://leg.colorado.gov/sites/default/files/documents/2021A/bills/2021a_072_01.pdf

46 Colo. Rev. Stat. § 40-42-105(1).

47 Colo. Rev. Stat. § 40-42-101(1).

48 Colo. Rev. Stat. § 40-42-101(2).

49 Colo. Rev. Stat. § 40-42-104.

CETA's authority is limited in one important respect. Its authorizing statute stipulates that the Authority should only support projects that are unlikely to be built by another entity.[50] Before CETA develops a transmission project itself, the statute generally requires a determination that an electric utility or other entity is not undertaking the needed facility, along with notice and an opportunity for others to propose alternatives.[51] Thus, CETA can step in to designate corridors, assemble rights-of-way (including along state highways), and issue bonds backed by project revenues or utility payments only if incumbent utilities or private developers fail to build needed lines.[52] Perhaps because of that limitation, CETA has emphasized corridor identification and a project prioritization process, rather than direct development or bond issuance.[53] Still, despite its limited authority, CETA is another example of a state entity that can (1) identify priority transmission corridors, (2) partner with private or utility developers, and (3) finance projects with non-recourse revenue bonds secured by transmission revenues.

Public Power Authorities that Can Own or Finance Transmission

The other approach is to couple transmission financing with existing or new public power entities or general infrastructure financing. Doing so allows a state entity to own all or part of a project, and to partner with existing transmission developers while providing financing support and potentially allowing the state to play a more proactive role in project management, since the public power authority can exercise oversight over project construction, labor standards, and other state policies.

The Power Authority of State of New York d/b/a NYPA

The New York Power Authority (NYPA) is the largest state-owned public-power entity in the United States and has increasingly taken a role in rebuilding and expanding New York's transmission network to support state climate goals.[54] NYPA develops, owns, and operates 1550 circuit miles of high-voltage transmission facilities and also co-develops others (including joint projects with investor-owned utilities).[55] NYPA is a public benefit corporation created under Article 5, Title 1 of the New York Public Authorities Law and has broad authority to finance, construct, acquire, operate, and improve electric generation and transmission facilities necessary to meet the state's power needs.[56] NYPA finances qualifying transmission investment through revenue bonds issued under its own authority.[57] These bonds have been rated in the AA range.[58]

NYPA is governed by a Board of Trustees consisting of seven trustees, each appointed by the Governor of New York by and with the advice and consent of the Senate, serving staggered terms.[59] The board sets policy, approves budgets, oversees major contracts and financing actions such as bond issuances, and appoints

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50 Colo. Rev. Stat. § 40-42-104(2) (2024) (limitations/procedures before CETA enters a project).

51 *See id.*

52 *See id.*; see also NextGen Highways, Colorado Opens Highway Rights of Way to Transmission (May 9, 2025), https://nextgenhighways.org/colorado-opens-highway-rights-of-way-to-transmission

53 Colo. Elec. Transmission Auth., Board Materials, https://www.cotransmissionauthority.com/board-materials (Project Prioritization Framework).

54 *See* New York Power Authority, About, https://www.nypa.gov/about/the-new-york-power-authority

55 NY Pub. Auth. Law § 1005 (McKinney 2024), https://law.justia.com/codes/new-york/pba/article-5/title-1/1005.

56 *Id.* § 1002 ("[T]here is hereby created a corporate municipal instrumentality of the state to be known as "Power Authority of the State of New York", in this title referred to as "the authority", which shall be a body corporate and politic, a political subdivision of the state, exercising governmental and public powers, perpetual in duration."); *Id.* § 1005 ("The authority is further authorized to construct and/or acquire and complete such base load generating, transmission and related facilities as it deems necessary or desirable to assist in maintaining an adequate and dependable supply of electricity by supplying power and energy.).

57 *See id.* § 1010.

58 Kroll Bond Rating Agency, KBRA Assigns AA- Rating, Stable Outlook to NYPA Green Transmission Project Revenue Bonds, Series 2023A (Sept. 29, 2023), https://www.kbra.com/publications/sqTdtQHC (last visited Dec. 29, 2025); see also Fitch Ratings, New York Power Authority, NY Green Transmission Project Revenue Bonds Rating Report (Oct. 18, 2023), https://www.fitchratings.com/research/us-public-finance/new-york-power-authority-ny-green-transmission-project-revenue-bonds-18-10-2023

59 NY Pub. Auth. Law § 1003.

the president & CEO. As a state public benefit corporation, NYPA operates with significant autonomy from the executive branch, though it remains subject to state transparency and oversight regimes (e.g., reporting requirements through the New York State Authorities Budget Office and financial audits) that apply broadly to public authorities in the state.[60]

NYPA is using these tools to rebuild and expand transmission corridors. The Moses-Adirondack "Smart Path" Reliability Project is a roughly 78-mile rebuild of NYPA's oldest 230 kV transmission lines in northern New York, completed in 2023 at a cost of about $484 million, to increase capacity and harden the system against extreme weather.[61] Smart Path Connect, a joint project of NYPA and National Grid, is rebuilding more than 100 miles of 230 kV lines to 345 kV between Massena, Clinton, Croghan, and Marcy, with an estimated project cost of over $1 billion.[62] NYPA and the Hochul administration have described Smart Path/Smart Path Connect as projects that will "help unbottle" northern New York renewable resources, reduce transmission congestion, and advance statewide clean-energy goals. NYPA estimates Smart Path Connect will deliver more than $447 million in annual (congestion) savings in northern New York.[63]

Emerging California Models

Like New York, California is also taking steps to support public and public-private transmission financing in an attempt to support decarbonization goals while reducing costs. Analyses by the California Public Advocates Office and by Clean Air Task Force/Net-Zero California estimate that replacing traditional IOU financing with public or public-private models for a large share of California's transmission build-out could save ratepayers up to $3 billion per year, or about $123 billion over 40 years, primarily by lowering the cost of capital and reducing equity returns.[64] A companion legal and policy report from UC Berkeley's Center for Law, Energy & the Environment (CLEE) identifies multiple pathways to implement these models, including using existing entities such as the California Infrastructure and Economic Development Bank (I-Bank) as a financing arm for transmission projects planned by the California ISO (CAISO).[65]

California recently enacted a new law, SB 254, that provides a new public financing mechanism for transmission. The law creates the California Transmission Accelerator Revolving Fund Program and authorizes that California Infrastructure and Economic Development Bank (I-Bank), which is administered by the Energy Unit within the Governor's Office of Economic and Business

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60 Currently, legislative proposals (e.g., S.8610/A.9425) would expand the board to 17 members with additional appointing authorities, but the law as of early 2026 retains a seven-trustee structure.

61 Press Release, N.Y. Power Auth., NYPA Completes Smart Path Transmission Line (June 20, 2023), https://www.nypa.gov/News/Press-Releases/2023/20230620-78-mile

62 Press Release, N.Y. Power Auth., NYPA and National Grid NY Greenlight Smart Path Connect Transmission Project (Aug. 12, 2022), https://www.nypa.gov/news/press-releases/2022/20220812-smart-path-green-light

63 Petition Requesting Designation of Certain Transmission Investments as a Priority Transmission Project, Case 20-E-0197, at 61 (N.Y. Pub. Serv. Comm'n Dec. 20, 2024; Press Release, Office of Governor Kathy Hochul, Governor Hochul Announces Approval of Smart Path Connect Transmission Project to Unlock Renewable Energy in Northern New York (Dec. 9, 2022), https://www.governor.ny.gov/news/governor-hochul-announces-approval-smart-path-connect-transmission-project-unlock-renewable

64 Clean Air Task Force & Net Zero Cal., Wired for Savings Nationwide: Learnings from California on Alternative Financing to Support Low-Cost Transmission 1, 4–5 (Dec. 2024), https://cdn.catf.us/wp-content/uploads/2024/12/01211402/wired-for-savings-nationwide.pdf; Cal. Pub. Advocates Off., Public Investment in Infrastructure Is a Promising Option to Support California's Energy Transition and Reduce Ratepayer Costs 1 (May 16, 2023), https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/230516-caladvocates-public-investment-in-infrastructure.pdf

65 UC Berkeley CLEE, Improving Transmission Financing in California, supra note 4; UC Berkeley CLEE, Reducing Financing Costs for New Transmission in California (Oct. 2024), https://www.law.berkeley.edu/research/clee/research/climate/renewable-energy/financing-transmission

Development (GO-Biz), to provide financial assistance to eligible transmission projects, including by issuing bonds and lending bond proceeds into a dedicated revolving fund.[66] Those bonds are non-recourse to the state, meaning "shall be payable solely from either or both the California Transmission Accelerator Revolving Fund or other revenues and assets securing the bonds."[67] The GO-Biz Energy Unit (working with CAISO and other agencies) must also establish a Transmission Infrastructure Accelerator to select qualifying projects – generally high-voltage, competitively solicited CAISO transmission projects – and to develop a public-private partnership plan aimed at maximizing debt financing and reducing amounts collected through the transmission access charge.[68]

Unlike NYPA, GO-Biz is not a board-governed authority. It is housed within the Governor's office, run by a single director who is appointed by and responsible to the Governor.[69] GO-Biz itself supports a number of economic development policies in California.[70] SB 254, in creating an Energy Unit within GO-Biz, creates an accountable department focused on energy development. The Energy Unit is headed by a deputy director appointed by the Governor who has "direct authority" over the Energy Unit and "serve[s] at the pleasure of the Governor." The Energy Unit must also file an annual report to the California Legislature.[71]

Taken together, these examples show different ways states have used public financing to support transmission. New Mexico and Colorado demonstrate how purpose-built authorities can plan, sponsor, and finance high-voltage transmission lines using revenue bonds and public-private partnerships. New York shows how a large public-power authority can issue highly rated green transmission revenue bonds to support projects needed to rebuild and expand key transmission corridors. And recent proposals in California illustrate that legislatures are now actively considering – and beginning to implement – public and public-private financing programs for ISO-planned transmission, motivated by the prospect of substantial ratepayer savings.

66 *See* S.B. 254, ch. 119, 2025 Cal. Stat. (codified in relevant part at Cal. Gov't Code § 63049.72(b) (authorizing I-Bank financial assistance "including issuing bonds")).

67 Cal. Gov't Code § 63049.72(c)

68 *See* Cal. Gov't Code §§ 12100.110(h), 12100.111(b)(3), (5), 12100.112(a).

69 Cal. Gov't Code § 12096.2(a)–(b)

70 *Id.* § 12096.3.

71 Cal. Gov't Code § 12100.110(a)–(b), (k). California has also considered, though not yet enacted, other bills that would increase public financing for transmission. For example, California SB 330 would have authorized the Governor to establish one or more pilot projects to develop, finance, or operate electrical transmission infrastructure necessary to support the state's clean energy goals. The bill would have required that the transmission infrastructure be identified in the CAISO transmission planning process as subject to competitive bidding and necessary to support clean energy generation, and that the pilot projects provide cost reductions to ratepayers compared to alternatives. The Governor would have designated existing state agencies, local public agencies, tribal organizations, or joint powers authorities to implement these pilot projects and would have empowered those entities to develop, finance, operate, and maintain transmission lines and associated facilities. It also envisioned that pilot-project owners could commit to seeking a revenue requirement at the Federal Energy Regulatory Commission that reflects their actual capital structure and cost of capital, with the aim of lowering costs recovered through the Transmission Access Charge. S.B. 330, 2025–26 Reg. Sess. (Cal. 2025) (proposing to add Pub. Resources Code ch. 6.7).

SECTION 3

Legal and Institutional Authorities Needed for Public Transmission Financing

There are a few common design features of successful public or public-private transmission financing programs.

First, each financing program gives the public entity a clear statutory mandate to develop or sponsor FERC-jurisdictional transmission lines, often explicitly tied to clean energy. New Mexico's RETA has authority to "plan, finance, develop and acquire" high-voltage transmission and storage projects that move renewable resources to market, with a dedicated "renewable energy transmission bonding fund" to support those activities. CETA's statute similarly creates an "independent special purpose authority" whose purpose is to "facilitate the expansion of electric transmission facilities" needed to meet state goals, and gives it broad powers "necessary or incidental" to that purpose, including selecting a transmission operator to finance and operate eligible facilities. NYPA has authority to be a transmission owner and developer whose projects are integrated into the New York ISO (NYISO) tariff, and California's SB 254 created a mechanism for supporting CAISO-planned lines.

Second, these entities have stand-alone revenue-bond authority that is non-recourse to state general obligations, giving them a dedicated, lower-cost financing tool without putting the state's full faith and credit at risk. RETA's statute creates a renewable energy transmission bonding fund and provides that bonds issued under the Act "shall be payable solely" from that fund and "do not create an obligation or indebtedness of the state."[72] Colorado law likewise authorizes CETA to "issue and sell electric transmission bonds, payable solely from the electric transmission bonding fund," and declares that the Electric Transmission Authority Act is, "without reference to any other law, full authority for the issuance and sale of bonds."[73] NYPA has issued green "transmission project revenue bonds" secured by transmission revenues and project-level pledges;[74] Fitch and KBRA both rate these bonds in the AA range, explicitly noting the limited security pledge and the strength of the underlying FERC-jurisdictional revenue streams.[75] In California, the I-Bank can provide loans and other financial assistance for "eligible transmission

[72] *See* N.M. Stat. Ann. § 62-16A-6(e).

[73] *See* Col. Rev. Stat. § 40-42-105(1) (2024).

[74] *See* KBRA Affirms AA Rating, Stable Outlook on the New York Power Authority (NYPA) Green Transmission Project Revenue Bonds, Kroll Bond Rating Agency (Sept. 25, 2025), https://www.kbra.com/publications/NbSVzcPy/kbra-affirms-aa-rating-stable-outlook-on-the-new-york-power-authority-nypa-green-transmission-project-revenue-bonds; Fitch Affirms NYPA Transmission Project Revenue Bonds at "AA-"; Outlook Stable, Am. Pub. Power Ass'n (Sept. 13, 2025), https://www.publicpower.org/periodical/article/fitch-affirms-nypa-transmission-project-revenue-bonds-aa-outlook-stable.

[75] *See id.*

projects" and issue taxable or tax-exempt bonds under a Public Transmission Financing Program, with repayment coming from project revenues or contracts rather than the state's general fund.[76]

Third, some financing authorities can build, co-own, or partner with utilities and independent power producers (IPPs). RETA, for example, has authority to "enter into contracts, leases and other agreements" with public or private entities, and two projects – Western Spirit and RioSol – are structured as public-private partnerships in which RETA co-develops and finances lines that are ultimately owned or operated by utilities such as Public Service Company of New Mexico or by private sponsors. Colorado's CETA is similarly empowered to partner with utilities and other entities, designate intrastate transmission corridors, and step in to facilitate development where incumbent utilities do not pursue needed projects. In New York, NYPA co-develops projects like Smart Path Connect with National Grid, sharing cost and risk while anchoring financing with its highly rated transmission revenue bonds, and it has partnered with LS Power on Central East Energy Connect. California's SB 254 primarily supports public financing but not ownership, as it authorizes the I-Bank to provide loans and bond-financed capital to eligible, CAISO-planned transmission projects sponsored by utilities or other eligible entities. Ownership and operational responsibility remain with the project sponsor, not the state.[77]

Fourth, these entities have governance structures designed to make them accountable to state government while preserving operational independence. RETA is governed by a board whose members are appointed by governors and legislative leaders and are subject to open-meetings, public-records, and project-specific notice and hearing requirements, but they are organized as independent public bodies rather than line agencies. NYPA is governed by a board of trustees appointed by the governor with senate confirmation and operates as a public benefit corporation with substantial autonomy over financing and project development, while remaining subject to state audit and transparency laws. Similarly, the California I-Bank is overseen by a board composed of senior state officials and gubernatorial appointees, though it operates outside the ordinary budgetary and procurement processes of state agencies.

Finally, these entities are either linked to RTO/ISO planning processes or state procurements tied to state policy goals. RETA's project portfolio is designed to promote New Mexico's renewable resource exports and to support regional planning for high-voltage corridors in the Southwest. Its projects are planned to connect into the broader Western Interconnection and, in several cases, to lines whose revenues are governed by FERC-approved tariffs. CETA's statutory purpose is to enable Colorado to meet its clean energy and organized-market integration goals, and its corridor-designation and bonding powers are meant to complement transmission planning conducted by utilities. NYPA's transmission projects are all integrated into the NYISO planning process and recovered under the NYISO tariff, and they are explicitly justified in state proceedings as necessary to meet New York's Climate Leadership and Community Protection Act-driven renewable and emissions-reduction targets. California's transmission financing tools are tied to CAISO's 20-year transmission plan and to legislated greenhouse-gas and renewable-energy requirements. This approach is particularly relevant in New England, as it demonstrates that a New England financing program should contain an explicit mandate to support FERC-jurisdictional lines that advance state policy goals, alongside authority to issue non-recourse revenue bonds and be structured to partner with private developers.

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[76] *See* S.B. 254, ch. 119, 2025 Cal. Stat. (codified in relevant part at Cal. Gov't Code § 63049.72(b).

[77] Cal. Gov't Code §§ 12100.110(h), 12100.111(b)(3), (5), 12100.112(a).

SECTION 4

New England's Existing Public Financing Authorities

Existing financing entities in New England already have limited authority to support public financing for transmission. These authorities can issue bonds, participate in multi-party projects, and channel capital into energy and infrastructure. Typically, however, they do not have (1) an explicit mandate to own or finance FERC-jurisdictional, multi-state high-voltage transmission for non-member energy needs, (2) debt and risk frameworks capable of supporting multi-billion-dollar regional lines, of (3) governance structures or administrative capacity and expertise to do so.[78]

Massachusetts Municipal Wholesale Electric Company (MMWEC)

One example is the Massachusetts Municipal Wholesale Electric Company (MMWEC), which was created in 1969 to serve the Commonwealth's consumer-owned municipal utilities and, under Chapter 775 of the Acts of 1975, was reconstituted as a "body politic and corporate" and a "political subdivision" of the Commonwealth.[79] MMWEC has bonding and contracting authorities that are already capable of supporting large, multi-utility projects.[80]

MMWEC has authority to "plan, finance, acquire, construct . . . own [and] operate" energy facilities "within or without the commonwealth," and to participate in "interstate and international arrangements" involving "wheeling" and transmission.[81] MMWEC's authorizing statute defines "energy facility" to include facilities and systems for the "generation, transmission, distribution, … [and] transportation … of energy," as well as facilities and property for the "transportation … of fuel and other materials."[82] It further authorizes MMWEC to "plan, finance, acquire, construct . . . own [and] operate" energy facilities "within or without the commonwealth," and to participate in "interstate and international arrangements" involving "wheeling" and transmission.[83] The Act also provides that MMWEC can exercise eminent domain, and that bonds and the income derived from them are tax-exempt in Massachusetts.[84]

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78 Not every New England Authority has all these limitations.

79 An Act Establishing the Massachusetts Municipal Wholesale Electric Company, ch. 775, § 1 – 2 (Mass. 1975) (reconstituting MMWEC as a "body politic and corporate" and a "political subdivision of the Commonwealth"), reprinted in Conformed Copy Ch. 775, May 10, 2013, at 1 (on file with MMWEC), https://www.mmwec.org/wp-content/uploads/CONFORMED-COPYCHAPTER-775-May-10-2013.pdf.

80 *Id.* § 9 (authorizing the corporation to "borrow money by the issue of its bonds for any of its corporate purposes").

81 *Id.* § 5 (authorizing transmission/wheeling contracts and interstate arrangements; authorizing participation in energy facilities "within or without the commonwealth").

82 *Id.* § 1 (Mass.) (defining "energy facility" to include facilities for "generation, transmission, distribution, transformation, [and] transportation" of energy).

83 *Id.* § 5(n)–(p) (authorizing transmission/wheeling contracts and interstate arrangements; authorizing participation in energy facilities "within or without the commonwealth"); id. § 7 (eminent domain).

84 *Id.* § 8(a) (Mass.) (providing MMWEC bonds and income therefrom "shall at all times be exempt from taxation within the commonwealth"), reprinted in Appendix to Mass. Gen. Laws ch. 164, https://www.mmwec.org/wp-content/uploads/CONFORMED-COPYCHAPTER-775-May-10-2013.pdf.

MMWEC thus has authority to support different types of New England energy projects, including transmission, and it can issue different types of tax-exempt bonds – including mortgage bonds, general obligations of the corporation, or special revenue bonds payable solely from particular funds – to support any of its corporate purposes.[85] Importantly, the phrase "corporate purposes" contains no limitation tying bonds to the specific needs of member utilities. MMWEC can thus issue bonds not just to support energy infrastructure that serves its members' needs, but also to serve non-member cities and towns and to other utilities – public and private – within and outside the Commonwealth.[86]

MMWEC has in the past provided substantial financial support for Massachusetts energy policy. The company reports that, since 1976, it has issued more than $7 billion in bonds to finance and refinance ownership interests in six major generating plants.[87] It also resells electricity generated by large, utility-scale power plants – including the Seabrook nuclear facility, Millstone Unit 3 nuclear facility, and the Stony Brook oil-fired plant – to participating municipal utilities, including public-power entities in Rhode Island and Vermont.[88] MMWEC has also used contractual transmission rights in cross-border arrangements. For example, in 2020, it and Connecticut's joint-action agency (CMEEC) executed five-year "power flow rights" agreements with Hydro-Québec that relied on existing transmission lines and facilitated hydropower deliveries to a delivery point near Boston.[89] More recently, MMWEC completed a green bond issuance for the Master Sergeant Alexander Cotton Memorial Solar Project (a 6.9 MW project).[90]

The most likely difficulty Massachusetts would encounter if it tried to use MMWEC to support large-scale transmission is political. MMWEC has traditionally organized around discrete projects, typically undertaken in conjunction with participating municipalities and financed through general obligation bonds of the corporation, or through project-specific revenue bonds secured by payment obligations of participating utilities.[91] Its board is composed of nine directors, seven of whom are representatives of participating municipal light department with incentive structures that may not favor system-wide transmission investments that support non-member needs.[92] In addition, although MMWEC's enabling statute does not require that projects serve only member load, in practice, its members could oppose projects, especially if they fear that the project risk could worsen MMWEC's credit profile.[93] These factors, if not addressed with regional and interregional buildout in mind, could risk creating incentives for MMWEC to prioritize projects with clear, localized benefits and to avoid large-scale investments like high-voltage transmission whose benefits are diffuse and may redound primarily to non-MMWEC members.

Nonetheless, if MMWEC uses its financing authorities to support ambitious transmission investment, it could assuage members' concerns by implementing safeguards that shield its members from the financial risks associated with transmission investment. For example, if MMWEC issues revenue bonds, those bonds would be payable solely from the revenue streams of the specific project being financed and not from assessments against members of MMWEC itself. Similarly, if MMWEC issues mortgage bonds, those bonds are secured by the physical assets of the financed facility. In either case, members would not be responsible for repayment the way they would be under a take-or-pay Power Sales Agreement structure or a general obligation.

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85 *Id.* § 9(a).

86 *See id.* § 5.

87 Mass. Mun. Wholesale Elec. Co., Financing Authority, MMWEC, https://www.mmwec.org/who-we-are/mmwec-financing-authority/.

88 Seabrook Station, MMWEC; Millstone Unit 3, MMWEC; Stony Brook Energy Center, MMWEC; Our Energy Assets, MMWEC, https://www.mmwec.org/who-we-are/mmwec-financing-authority.

89 Mass. Mun. Wholesale Elec. Co., MMWEC Signs Flow Rights Agreement, Power Deal with Hydro-Québec (Nov. 6, 2020), https://www.mmwec.org/wp-content/uploads/HQ-Power-Flow-Rights-Release-11-6.doc.pdf.

90 Mass. Mun. Wholesale Elec. Co., MMWEC Green Bond Issuance Complete; Long-Term Financing for Site Solar Project (Jan. 2, 2024), https://www.mmwec.org/wp-content/uploads/2020A-bond-closing-release-1-2.pdf; Mass. Mun. Wholesale Elec. Co., MMWEC Receives $2.3 Million in Federal Tax Credits for Solar Project through IRA (Jan. 2, 2025) (describing "a 6.9 megawatt (MW) solar array"), https://www.mmwec.org/wp-content/uploads/Cotton-Solar-IRA-Payment-Release-1-6-25.pdf.

91 An Act Establishing the Massachusetts Municipal Wholesale Electric Company, ch. 775, §§ 1–3, 1–9 (Mass. 1975).

92 The other two are appointed by the governor. *See id.* § 4.

93 See id.; Massachusetts Municipal Wholesale Electric Co. v. Danvers, 411 Mass. 39, 40-41, 50 (1991) (describing MMWEC power sales agreements). Note that sometimes MMWEC power sale agreements involve utilities that are not MMWEC members. *See id.*

MMWEC thus already offers a promising vehicle for supporting transmission investment. **The following principles should guide any attempt to use MMWEC to finance transmission projects in New England:**

1. **Support transmission lines with diffuse benefits.** Historically, financing and project development have often been tied to serving participating municipal utilities. Though not a legal requirement, this structure makes it difficult for MMWEC to sponsor large-scale transmission projects that deliver diffuse, regional benefits. MMWEC already has authority to support transmission projects based on broader public-interest determinations – such as regional reliability, congestion relief, or decarbonization – without conditioning its authority on direct service to participating municipal load. MMWEC could use those authorities more aggressively than it has in the past.
2. **Mitigate member risk.** Because MMWEC's governance structure is designed to represent participating municipal utilities, it may lack incentives to pursue regional transmission investments, particularly where those investments primarily advance statewide or regional policy objectives rather than the interests of member load. Governance reforms, including those that increase MMWEC's accountability to statewide authorities or balance out the governance structure with non-municipal utility participants and represent consumers or developers, could make it easier for MMWEC to support large-scale public transmission investment. If governance reforms are politically untenable, another potential path to pursue is to get member buy-in by using revenue or mortgage bonds that protect members from the risks associated with transmission investment.

It is worth noting that one option is for MMWEC to act as a complement to a state bonding authority. If states want to maintain control over public participation, they could nevertheless allow MMWEC to participate alongside a newly authorized (e.g., MassDevelopment) or newly created entity. This would also have the benefit of not requiring legislation to change MMWEC governance structure and mandate to support member needs.

MassDevelopment

The Massachusetts Development Finance Agency (MassDevelopment) is another entity that could support public transmission financing. MassDevelopment is a statewide development finance agency and land bank. It was formed in 1998 and is established in statute as a "body politic and corporate" and "public instrumentality," with its powers deemed the performance of an essential governmental function.[94] MassDevelopment is authorized to issue bonds, make loans, and enter into related financing documents to support qualifying projects.[95] It is governed by a board of directors whose members are appointed by the Governor and include ex officio state officials.[96]

Of particular relevance to public transmission financing is that MassDevelopment can issue special-obligation debt backed by dedicated revenue streams. Under the Infrastructure Investment Incentive Program (I-Cubed), MassDevelopment issues bonds, and debt service is supported through contract assistance and paid from new state tax revenues generated by the project.[97] These infrastructure bonds can be backed by incremental property taxes (District Improvement Financing) or by special assessments (the Local Infrastructure Development Program).[98]

If Massachusetts chooses to support a public or quasi-public role in ISO-NE transmission projects, MassDevelopment could theoretically serve as a financing vehicle for the Massachusetts share of the projects. That could mean acting as a conduit issuer (or co-financier) for bonds whose proceeds fund in-state transmission components (such as rebuilds, reconductoring, substation upgrades, or other long-lived assets) while providing a durable repayment mechanism (for example, state-backed contract assistance or long-term payment obligations from beneficiary utilities/public power entities).

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94 Mass. Gen. Laws ch. 23G, § 2(a) (2025).

95 *Id.* §§ 1, 3, 8.

96 *See id.* § 2

97 *See* Bonds, MASSDEVELOPMENT, https://www.massdevelopment.com/products-and-services/financing/bonds/; MassDevelopment, Infrastructure Financing Programs, https://www.massdevelopment.com/assets/document/bonds/Infrastructure-Financing-2022.pdf.

98 *See* Mass. Gen. Laws ch. 40Q, §§ 1, 3–4; Mass. Gen. Laws ch. 23L, §§ 4–5; MassDevelopment, Infrastructure Financing Programs 1 (Apr. 2022), https://www.massdevelopment.com/assets/document/bonds/Infrastructure-Financing-2022.pdf.

The primary constraints to using MassDevelopment are that its mission is framed narrowly and its financing does not easily align with existing mechanisms to develop regional transmission. Specifically, MassDevelopment's infrastructure tools are designed around in-state economic development districts and repayment from state tax increments or local assessments – not FERC-jurisdictional transmission tariffs.[99] Without explicit legislative direction authorizing MassDevelopment to finance (and potentially co-own) high-voltage transmission facilities, it may be difficult to support costs allocated under ISO-NE's tariff. Other problems are that litigants could treat large regional transmission projects as outside the agency's statutory authorization, and ratings agencies may determine that projects introduce excessive risk, which could increase the financing costs of relying on the agency without clear legislative reform.

Helpful reforms would therefore involve expanding (1) eligibility (to include high-voltage transmission serving Massachusetts load as an eligible "infrastructure project"), (2) permissible bond security (e.g., adding FERC-approved transmission charges and/or long-term transmission service contracts), and (3) governance/risk-sharing to include utilities, public power, and (where relevant) other states.

Rhode Island Infrastructure Bank (RIIB) and Regional Analogues

Rhode Island Infrastructure Bank helps finance infrastructure improvements, working with public and private capital providers across infrastructure and clean-energy initiatives.[100] RIIB must secure maximum benefit from federal and state programs and, where possible, attract private capital for infrastructure-related projects.[101] Consistent with that model, RIIB has broad powers to administer financing programs, borrow money, issue bonds, and pledge revenues.

RIIB's portfolio already includes programs that are relevant to the state's energy policies and arguably (though not necessarily) could be used to support transmission. For example, the Efficient Buildings Fund provides long-term financing for energy efficiency and renewable projects in public buildings and infrastructure;[102] the Clean Energy Fund is statutorily designed to support projects related to greenhouse gas reduction, energy storage, renewable energy, and demand-side management;[103] and RIIB administers a statewide C-PACE program providing long-term, fixed-rate financing for commercial building upgrades.[104] RIIB also administers climate resilience programs (including the Municipal Resilience Program and Stormwater Project Accelerator).[105]

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99 *See* Mass. Gen. Laws ch. 40Q; Mass. Gen. Laws ch. 23L § 7 "[T]he municipality may designate the agency as the issuer of bonds … for the purpose of financing any of the project costs … that are located in, or functionally serving the needs of, the development zone."); *id.* ("The municipality shall determine the percentage of the captured assessed valuation, as defined in said chapter 40Q, of property within the boundaries of the development zone that the municipality is pledging under an invested revenue district development program as defined in said chapter 40Q for the payment of the agency's bonds.").

100 *See id.* R.I. Gen. Laws § 46-12.2-2(a)-(b) (2024).

101 *See id.*

102 R.I. Gen. Laws § 46-12.2-4.3(a)(1) (2024).

103 R.I. Gen. Laws § 46-12.2-4.3(a)(1) (2024).

104 Rhode Island Infrastructure Bank, Commercial Property Assessed Clean Energy (C-PACE) (Program Overview) (stating C-PACE provides "long-term, fixed-rated financing" for upgrades in commercial and industrial properties), https://www.riib.org/solutions/programs/commercial-property-assessed-clean-energy/.

105 Rhode Island Infrastructure Bank, Municipal Resilience Program (Program Overview), https://www.riib.org/solutions/programs/municipal-resilience-program/; Rhode Island Infrastructure Bank, Stormwater Project Accelerator (Program Overview), https://www.riib.org/solutions/programs/stormwater-project-accelerator/.

The key challenges with using RIIB to support transmission are that its existing programs are typically sized for projects in the millions (to tens of millions), and repayment structures usually rely on municipal loan repayment or assessment mechanisms rather than ISO-NE tariff charges. A credible transmission-finance role could therefore require (1) explicit authority to finance (and potentially co-own) transmission facilities whose costs are recovered through FERC-approved rates or long-term contracts, (2) a defined approach to secure bonds with those revenues or with long-term transmission payment contracts in the event that it is used to support the state agreement approach, and (3) formal coordination with neighboring states for any regional line whose costs and benefits are shared. However, like MassDevelopment, RIIB's current programs are focused on in-state, largely distribution-level, or end-use infrastructure. Examples include municipal buildings, water and sewer systems, local roads, resilience projects, and building-level clean energy.

Other New England states have analogous entities that, while not transmission-focused, provide additional useful examples of public finance institutions that could support transmission investment. The Finance Authority of Maine (FAME) offers tax-exempt bond programs and direct loans to Maine businesses, and has considered clean-energy and grid-related financing as part of Maine's clean-energy financing strategy.[106] The Vermont Economic Development Authority (VEDA) serves as Vermont's economic development finance authority and operates commercial and energy loan programs, including a Commercial Energy Loan Program for renewable-energy and energy efficiency projects, and it has statutory authority to establish clean energy financing programs.[107] The New Hampshire Municipal Bond Bank provides pooled, low-cost bond financing for local infrastructure,[108] and New Hampshire law authorizes the Bond Bank to lend to public utilities.[109] The Connecticut Green Bank supports the state's strategy to achieve cleaner, less expensive, and more reliable sources of energy while creating jobs and supporting local economic development since its creation in 2011.[110]

In short, New England states already have multiple quasi-public entities with the ability to issue bonds, structure complex financings, and channel capital into energy and infrastructure. But these entities typically do not have expertise in large-scale regional transmission, nor do their financing tools always align with FERC-jurisdictional, multi-state high-voltage transmission connected to ISO-NE planning.

106 *See* Me. Rev. Stat. tit. 10, §§ 961-69.

107 *See* 10 Vt. Stat. Ann. § 280dd(c)(1) (2025).

108 N.H. Rev. Stat. Ann. § 35-A:1 (2024).

109 N.H. Rev. Stat. Ann. § 374-C:3(I) (2024).

110 *See* Conn. Gen. Stat. § 16-245n(d)(1) (creating the Connecticut Green Bank as a public instrumentality with authority to support clean energy investment); Clean Energy Group, Connecticut Green Bank: Innovation in Finance Sparks New Model Public-Private Investment in Clean Energy (Oct. 19, 2017) (noting that Connecticut established the Green Bank in 2011 as part of the State's strategy to achieve cleaner, more affordable, and more reliable sources of energy while creating jobs and spurring local economic development), https://www.cleanegroup.org/connecticut-green-bank-innovation-finance-sparks-new-model-publicprivate-investment-clean-energy/.

SECTION 5

Paths for Public Transmission Financing in New England

New England can lower ratepayer costs and accelerate delivery by creating (or adapting) a public financing vehicle that can borrow long-term at public-sector rates and repay that debt from stable, FERC-jurisdictional transmission revenues. A potential financing vehicle needs legal authority to support large transmission, financing tools to fund future projects, and governance arrangements that ensure that the authority supports and is accountable to state interests. The financing entity should also either be recognized as a transmission provider under ISO-NE tariffs or be empowered to partner with an ISO-NE transmission provider so that publicly-financed projects can be supported by tariff-based cost recovery.[111]

New England could thus choose between converting existing entities and creating new ones. The conversion approach would expand one or more existing quasi-public authorities (MMWEC, MassDevelopment, RIIB, or analogues) into a transmission-finance role. That option is attractive because it allows New England states to take advantage of the authorities and expertise existing entities have.

The downside is that these authorities typically have not focused on transmission, their legal authority is sometimes constrained, and, in some cases, their governance structure makes it difficult to finance transmission investment that may run counter to interests of particular utility members. For example, one of the primary challenges for MassDevelopment and RIIB is that they are designed for in-state economic development finance and in-state infrastructure lending, not long-distance transmission.

The alternative approach – building a purpose-designed state transmission finance authority (or a multi-state entity) – would perhaps be initially more administratively complex but would allow New England states to design an entity with expertise and authority specifically tailored to support transmission that increases reliability and lowers prices for the whole system. A new authority can be drafted with a direct mandate to finance or co-finance FERC-jurisdictional high-voltage transmission that serves state reliability and public policy needs, paired with explicit authority to issue revenue bonds payable from ISO-NE tariff charges and/or long-term take-or-pay contracts. The benefit of this approach is that the authority's legal mandate, financing tools, and governance structure could all be built with the specific purpose of supporting transmission rather than retrofitted onto entities designed for municipal power supply, in-state district infrastructure, or serving the needs of specific members.

Importantly, ISO-NE's planning rules now make it more feasible for New England states to provide public financing for transmission development. In 2024, ISO-NE established a mechanism that allows New England states to identify policy-driven projects through the regional planning process. New England states, acting through NESCOE, can request longer-term, scenario-based transmission studies built around state policy goals. ISO-NE then conducts those studies and uses them to develop transmission solutions that can move forward through an ISO-administered process with defined cost-allocation rules. This means that, should states pursue public financing, public financing could be used either

[111] ISO New Eng. Inc., ISO New England Transmission, Markets & Services Tariff § II, attach. K (Regional System Planning Process), https://www.iso-ne.com/static-assets/documents/2021/07/sect_ii_att_k.pdf (last visited Dec. 29, 2025).

to bring down the costs of lines that are already being planned in the ordinary ISO-NE process, or to reduce the costs of projects that are explicitly designed to support state policy goals.[112]

Regardless of which approach New England chooses, a workable transmission finance authority must meet four requirements:

- First, there must be a clear statutory mandate to support transmission that gives the financing entity authority to own, co-own, or issue debt to support FERC-jurisdictional high-voltage transmission that serves the state's load or policy needs, including facilities outside the home state. This ensures that there is clear legal authorization for the entity to support transmission.
- Second, the entity should have the power to participate in public-private partnerships as a financing partner and/or equity co-owner where the entity can issue revenue bonds secured by project revenues and partner with private developers. This ensures that the entity has the financial tools needed to support transmission, and that it is able to work with developers that have economic and engineering capacity to build projects.
- Third, if the transmission financing entity takes an ownership stake in a project, it should be authorized to become an ISO-NE Participating Transmission Owner or be a contractual co-owner whose revenue requirement is recovered under the ISO-NE tariff. In order to qualify for cost allocation in New England, an entity must qualify as a Participating Transmission Owner or contractual co-owner (meaning it partners with a participating transmission owner) in ISO-NE.[113] Thus, to recover the costs of financing a project through rates, the authority must either qualify as a Participating Transmission Owner directly, or it must have authority to partner with a Participating Transmission Owner.
- Fourth, the program should have governance and risk controls that ensure that the financing authority represents state-wide stakeholder interests. That could occur through a board consisting of state officials, industry, consumer, labor, Tribal, environmental justice representatives, as well as independent experts. It should also have debt caps and risk-sharing rules to avoid over-leveraging a single quasi-public balance sheet and mandate that long-term bonds be tied to stable FERC-jurisdictional revenues or contracts. This will ensure that the authority is accountable to broad stakeholder interests, and that it has the expertise required to support ambitious transmission investment.

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[112] This approach is further described in the accompanying analysis developed by Power Advisory, https://cdn.catf.us/wp-content/uploads/2026/05/18122400/Power-Advisory_Public-Transmission-Financing-in-New-England_5.5.2026.pdf.

[113] ISO New England Inc., Transmission Operating Agreement § 1 (defining "Participating Transmission Owner" as a transmission owner that is a signatory to the TOA), https://www.iso-ne.com/static-assets/documents/regulatory/toa/v1_er07_1289_000_toa_composite.pdf; ISO New England Inc., Transmission, Markets and Services Tariff sched. 21 (providing for recovery of PTO transmission revenue requirements through PTO-specific tariff schedules), https://www.iso-ne.com/static-assets/documents/regulatory/tariff/sect_2/sch21/sch_21_com.pdf.

SECTION 6

Conclusion

Because transmission costs flow through regulated revenue requirements, the cost of capital is an important driver of the rates that ratepayers ultimately pay. Public and quasi-public financing can lower the cost of building transmission by replacing a portion of IOU equity and taxable debt with lower-cost revenue bonds and, where appropriate, public co-ownership.

New England states could provide public financing in one of two ways: (1) expand existing quasi-public issuers to finance or co-own ISO-NE and state-agreement transmission, or (2) create a purpose-built transmission financing authority. Either approach requires a clear statutory mandate to finance and own FERC-jurisdictional high-voltage transmission (including out-of-state facilities that serve in-state needs), non-recourse revenue-bond authority secured by tariff revenues or long-term contracts, partnership capacity for public-private structures, tariff-compatible status for cost recovery, and governance safeguards that ring-fence risk and align decisions with state and ratepayer interests.