



June 27, 2025

Honorable Josh Becker
California State Assembly
1021 O Street, Suite 5620
Sacramento, CA 95814

Re: SB 540 (Becker) v. 5/29/25 – Support if Amended

Dear Senator Becker,

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We support, if amended, SB 540 (Becker), which would allow the California Independent System Operator (CAISO) to implement the Pathways Initiative. The Public Advocates Office currently serves as a non-voting member of the Pathway's Launch Committee, where we have consistently advocated for strong oversight, meaningful consumer engagement, and clear ratepayer benefits.

SB 540 would enable CAISO to expand its Extended Day Ahead Market (EDAM), which could deliver significant ratepayer benefits through increased energy production cost savings. These savings would result from access to a broader pool of diverse and lower-cost energy resources. Expanding EDAM could also reduce renewable energy curtailment – when excess renewable energy is generated but must be ramped down due to lack of demand or transmission constraints – helping to lower the long-term costs of meeting the state's clean energy goals.

A larger regional market would also improve transmission availability and system resilience against outages, while enhancing overall grid reliability. It would reduce the likelihood of scarcity events, when electricity demand is high, but supply is limited. While a majority of California's energy needs are met through procurement contracts, unexpected events – such as extreme weather – can create short-term reliability and supply challenges. A more expansive regional energy market can provide the flexibility and access needed to meet these conditions cost-effectively and with greater reliability.

SB 540 also recognizes the importance of voluntary regional market participation while explicitly safeguarding state authority over energy procurement, environmental standards, reliability, and other public interest policies without interference. The bill requires that any participating independent regional organization (IRO) be nonprofit, with open and transparent governance, including publicly noticed board meetings and a formal public-policy committee. Importantly, SB 540 mandates that the IRO provide funding for a consumer advocate organization – including offices like the Public Advocates Office – to ensure that ratepayer interests are meaningfully represented before the IRO's board and throughout its decision-making processes.

While SB 540 includes important ratepayer protections and respects state authority over energy procurement, further amendments may be needed to meaningfully advance the Pathways Initial Proposal in order to encourage participation in EDAM and support sustained engagement in the Western Energy Imbalance Market (WEIM) – a real-time market that helps balance electricity supply and demand across the West.

In summary, SB 540 represents a significant opportunity to reduce energy costs, enhance grid reliability, and strengthen ratepayer representation in the western regional organization. The Public Advocates Office looks forward to working with you and your office as SB 540 advances through the legislative process.

Sincerely,



Linda Serizawa
Director