New Modeling Shows Cost of Delaying the California Grid Manufacturing Initiative

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Stalling critical interventions to lower grid component costs could cost ratepayers billions in savings

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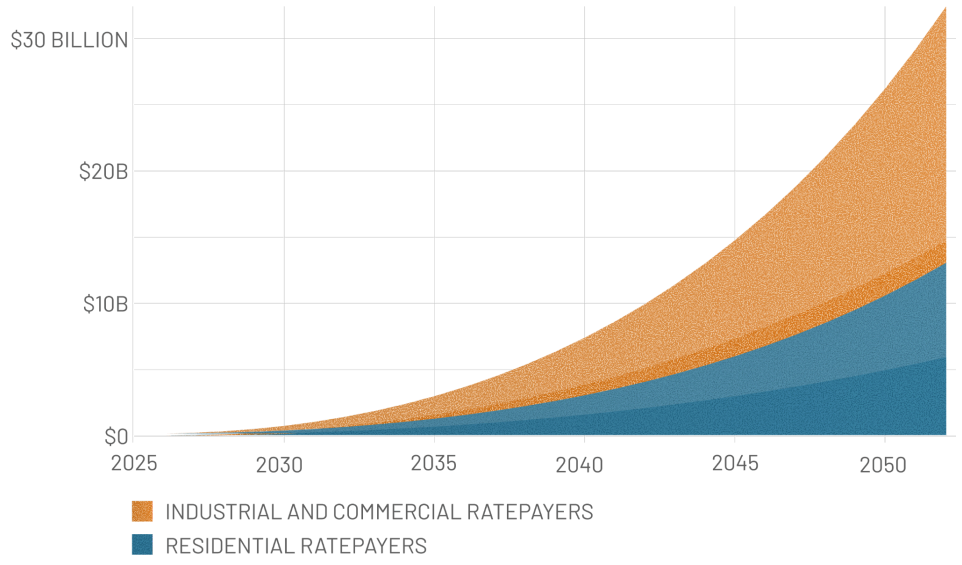
Read the full CCI report: A New Era of Manufacturing for Public Good: The Case for the California Grid Manufacturing Initiative

Demand for more renewable energy sources in California is growing as ratepayers shoulder rising costs and urgent climate action is stalled. To bring more clean energy online, the California grid must be updated and modernized—but barriers like supply chain bottlenecks and long lead times for critical component parts restrict the state's ability to tackle these intertwined crises at the speed and scale required. The California Grid Manufacturing Initiative (CGMI), introduced in February 2026 by Assemblymember Petrie-Norris (AB 2516), addresses these crises and would bring down ratepayer costs, generate thousands of high-road jobs, and ensure the state can meet its climate targets.

Lowering the cost of electrical equipment could lead to up to $26 billion in annual savings and $200 billion in cumulative savings for California ratepayers by 2050.



A one-year delay in implementation could cut potential ratepayer savings by $12 billion, and a four-year delay could cut savings by $50 billion.

CUMULATIVE SAVINGS TO CALIFORNIA RATEPAYERS BY 2050

With immediate implementation: **$200 billion**

With a one-year delay: **$188 billion**

With a four-year delay: **$150 billion**

Each day without intervention in this sector results in added costs for Californians. Our original research showed how CGMI could lead to a cumulative $200 billion of savings for California ratepayers by 2050. **New modeling shows how delaying implementation by just one year would cause Californians to lose over $12 billion in savings, and a delay of four years would cost Californians $50 billion.**[1]

The CGMI would support bulk purchasing and in-state manufacturing to drive down equipment costs, delivering ratepayer savings and faster interconnection for clean energy projects. The Initiative would aggregate demand for critical electricity grid components and coordinate procurement to achieve economies of scale and reduce costs for utilities. On the supply side, the CGMI would enter into joint venture (JV) agreements with manufacturers to expand or establish new manufacturing capacity in the state, creating high-road jobs and easing supply chain shortages with affordable components. By reducing capital costs of transmission equipment, the CGMI would save California ratepayers billions of dollars in utility bills—including up to $1,000 per year per household by 2050.

The CGMI represents a commonsense market intervention in the grid component sector with compounding effects for California's economy:

- **Grid equipment bottlenecks and long lead times:** Demand for critical grid equipment like transformers has risen as much as 274 percent since 2019, while supply has not risen enough in response. In 2025, available supply met only half of demand for certain components. Meanwhile, unit costs have risen as much as 95 percent across transformer types.

- **Price spikes and costs to ratepayers:** Due to the long-term nature of how grid investments are passed onto ratepayers, even short-term price disruptions can have long-term consequences. The effect of recent grid equipment price spikes on 2024 spending alone will be responsible for about $4 billion in increased ratepayer costs spread over the next 40 years among customers of California's three large investor-owned utilities.

- **Delayed renewables and energy storage deployment:** 13.2 GW of renewable energy and battery storage projects—enough to power nearly 10 million homes—are delayed or at risk of delay due to their reliance on delayed transmission projects. Nearly half (6.5 GW) of these are due specifically to long lead times or delayed components in the transmission buildout. In Southern California Edison (SCE) territory, which covers 15 million people, 76 percent of transmission projects developed since 2020 have been delayed, and almost one in

[1] In our original report, we estimated cost savings by comparing a scenario of declining grid equipment prices to a projection of the existing trend of increased costs, modeling how these are passed onto ratepayers using empirical relationships and California-level utility data. See the report Appendix for a detailed description of this process. To estimate the costs of delayed implementation, we added two new scenarios to our original model, in which grid equipment prices continue along the path of the existing trend for one to four years before the delayed implementation of CGMI would intervene in the trend.

five (18 percent) of those delays were due to long lead times on necessary grid equipment, resulting in a median delay of two years.

A proactive approach to grid equipment procurement and manufacturing would yield the following benefits:

- **Ratepayer savings:** Modeling shows that resolving increasing grid equipment costs in this sector could save California ratepayers $100–$200 billion cumulatively over the next 25 years. This would amount to $150–$300 in annual savings on utility bills for residential households by 2040 and $500–$1,000 per household by 2050. Delaying implementation cuts into these savings quickly. **Just one year of delay would cut the cumulative realized savings by 6 percent by 2050, while four years of delay would cut them by 25 percent by 2050.**

- **California industry and economy:** Lower-cost electricity increases investment and economic growth. It especially benefits high-tech manufacturing and other energy-hungry sectors. Modeling on the potential impact on industrial customers shows the potential for $700 million–$1.3 billion in annual savings by 2040 and $2.2–$4.7 billion by 2050 for industrial ratepayers in California.

- **High-road jobs:** Expanding in-state production would create permanent, family-sustaining manufacturing jobs in the process, with up to 12,000 permanent, full-time jobs—including up to 4,600 direct jobs in grid equipment manufacturing as the program is implemented.