



June 10, 2025

Governor Gavin Newsom  
Speaker Robert Rivas  
Senator Pro Tem Mike McGuire  
1021 O Street  
Sacramento, CA 95814

RE: NY Times Investigation Reveals East Coast Regional Grid Disaster And Shows Need To Shelve Western Regional Grid Plans In SB 540 (Becker)

Governor, Mr. Speaker, and Pro Tem,

An [investigation published today](#) by the New York Times reveals such serious problems in pricing and reliability from the regional electricity grid manager PJM, which serves states like Pennsylvania, New Jersey and Maryland, that five governors have been sharply critical and called for withdrawal or overhaul.

Electricity prices have risen 40 percent over the last five years and reliability issues have deteriorated. PJM, for its part, pointed to the Federal Energy Regulatory Commission (FERC) as the problem. Governors are left largely helpless to help their states because of FERC control. FERC for its part said the regional organizations are ineffective and FERC chair Mark Christie asked at a meeting last week if the organizations had failed and should be replaced.

“What the problem is at PJM is that it is controlled and influenced by the corporate energy companies that constitute its membership,” said Tyson Slocum, director of the energy program at Public Citizen, a nonprofit research and consumer group. “It puts energy company lobbyists in the driver’s seat at PJM.”

What is clear from this story is that a regional market is no panacea for fulfilling the growing power needs of the state driven largely by AI data centers. The promised solar, wind and renewable resources at PJM have not come online – and that’s without the Trump Administration’s hostility toward renewables and preferences for coal and fossil fuels.

This is not the time to be throwing California’s electricity needs to a regional organization that California cannot control and is not subject to California’s price and reliability laws put in place post Enron. Yet that is exactly what SB 540 (Becker) does. It trusts the traders to create a viable system despite the evidence of their inability to do so elsewhere and their profit motive to make that system as expensive as possible.

FERC's Chairman Mark Christie offered [these remarks](#) last week about regional organizations ([transcript](#)):

I think there are at least two compelling issues that hang over this.

First: After a quarter century of using these administrative constructs called markets, particularly capacity markets, is it time to say, and particularly with regard to the capacity markets, have they failed? And should they be replaced? And if they should be replaced, what should they be replaced with?

That's a compelling question, and I think after 25 years, it is time to ask it.

Second, and this is, to me, an even bigger issue: In the multi-state RTOs, are we asking the markets, and the good people who run these RTOs (and they are good people, and they're dedicated people), are we asking them, frankly, to do the impossible?

Because in the multi-state RTOs, as we now know, different states have incredibly divergent policy goals. Some states want to build and retain coal, gas, nuclear. Other states want to shut them down and build nothing but wind and solar.

How do you reconcile, in a multi-state capacity market like PJM has to do and MISO has to do, how do you reconcile that?

That's not an economic challenge; that's a political challenge. And if it's a political problem that we're dealing with in the multi-state RTOs, then we need to have an entirely different conversation than worrying about how you set the VRR curve, or how you set net CONE or gross CONE, or all the stuff we've been hearing about for years all the fiddling around with the different details.

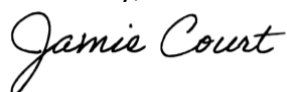
It's really a political issue that goes to the governance of RTOs in these multi-state regions. It's not an issue in California. It's not an issue in New York. But in the multi-states, it's a big issue.

Given this record, why would California rush headlong into a regional market – particularly without the check and balance of the legislature getting to vote again before joining in 2027?

The reason is because industry and its powerful electricity workers union demand it. That's not good enough for consumers, for the environment, and it shouldn't be good enough for any of you.

This investigation is a warning about what's to come if we don't learn from the experiences of the past and of other states. I urge you to take it seriously or the consequences will be shared by all of us.

Sincerely,

A handwritten signature in black ink that reads "Jamie Court". The signature is written in a cursive, flowing style.

Jamie Court  
President