

June 30, 2020

Submitted via email

Caroline Thomas Jacobs
Director, Wildfire Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
wildfiresafetydivision@cpuc.ca.gov

Re: Comments on Proposed Strategic Roadmap

Dear Ms. Jacobs and the Wildfire Safety Division:

The Energy Producers and Users Coalition¹ (EPUC) submit these comments on the Proposed Strategic Roadmap released May 11, 2020.

I. Introduction

The Wildfire Safety Division's Proposed Roadmap² provides a thoughtful, practical, and data-driven approach for evaluating and planning for future California investor-owned utilities' Wildfire Mitigation Plans (WMPs). The Proposed Roadmap reviews "the current landscape in California and overlays global practices that can serve as a starting point for recommendations aimed at reducing utility-related wildfire risk."³ Importantly, it contains a focus on data-driven decisionmaking, devoting the entirety of Appendix 3 to its data strategy. The benefit of an improved data strategy enables "data-supported decisions that are faster, more consistent, and more transparent."⁴

¹ EPUC represents Aera Energy LLC, California Resources Corporation, Chevron U.S.A., Inc., PBF Energy, Inc., Phillips 66 Company, and Tesoro Refining & Marketing Company LLC in this proceeding.

² *Reducing Utility Related Wildfire Risk: Strategy and Roadmap for the Wildfire Safety Division* (Proposed Roadmap), May 11, 2020.

³ *Id.* at 3.

⁴ *Id.*, Appendix 3, at 3.

In finalizing the Proposed Roadmap, the following two recommendations will help ensure that ratepayer interests remain a primary focus.

- Maintain measures of cost effectiveness, such as Risk Spend Efficiency (RSE), data transparency, and continued reporting obligations of the IOUs as a priority. The IOUs' WMPs already measure in the billions of dollars⁵ and ratepayers may be obligated to shoulder the bulk of these project costs. For example, the RSE or cost effectiveness models and data inputs should be transparent and publicly available.
- Given that the current public evaluation for the next round of WMPs are unclear, amend the Proposed Roadmap to include an opportunity for comprehensive intervenor review and analysis.

While the Proposed Roadmap importantly “contains specific objectives actions, and performance measures to underpin the WMP evaluation process in future years,”⁶ it is important that the WMP approval process remains focused on ratepayer impacts.

II. Comments on the WSD Draft Roadmap

a. The Proposed Roadmap Appropriately Emphasizes Cost Effectiveness Measures for Every Dollar Spent, and Should Prioritize Transparency in Its Risk-Based Calculations

In developing its long-term data strategy, the WSD should continue to emphasize cost effectiveness measures such as RSE, ensure that its risk calculations are transparent, and that any inputs are publicly available. The Proposed Roadmap, and specifically Appendix 3, effectively describe the current data-related points and appropriately focus on cost effectiveness measures in evaluating WMP resource allocation.⁷ The Proposed Roadmap observes that long-term “data strategy empowers the WSD to transcend today’s manual reviews of utility wildfire mitigation plans, and to realize a digital future with decisions enabled by data and objective criteria.”⁸ Doing so

⁵ For example, PG&E’s proposed 2020-2022 WMP costs are estimated at \$9.54 billion. *Resolution WSD-003*, June 11, 2020, at 4, Table 1.

⁶ Letter from WSD Requesting Stakeholder Input on the Proposed Strategic Roadmap, May 11, 2020, at 1.

⁷ See Proposed Roadmap, Appendix 3, at 31 (discussing a longer-term use case that considers RSE by measure in each location).

⁸ *Id.*, Appendix 3, at 3.

“enables the WSD to more objectively scrutinize a larger volume of important utility decisions”⁹ – an aspirational condition expressly recognized by the WSD Roadmap.

The Proposed Roadmap’s utilization of RSE and general focus of cost effectiveness in resource allocation is critical. During the 2019 and 2020 WMP approval process, it remained a challenge for ratepayer intervenors to review effectively the large quantities of data provided by utilities. Effective review is critical to ensure ratepayer dollars are well spent and consistent with just and reasonableness standards.¹⁰ For example, a long-term use case proffered by the Proposed Roadmap includes an RSE calculation by mitigation measure in each location of the measure.¹¹ Such a detailed level of analysis would be beneficial to ratepayers because it should optimize each mitigation measure.

In addition, the (1) RSE or cost effectiveness models and (2) data inputs should be publicly available. The Proposed Roadmap itself highlights the lack of transparency in utility-related wildfire decisionmaking, noting that key wildfire decisions “are not documented in a manner that allows for after-action review and auditing, particularly by third parties.”¹² With this concern in mind, it is important that the public also have access to the risk decision calculations and the data and input that feeds into the calculations to ensure external oversight.

Finally, the WSD should continue reporting obligations from the IOUs to ensure that the metrics from the IOUs are consistent and can be compared to each other. This includes information regarding IOUs’ decisionmaking process to call an energization event, cost effectiveness models, and risk models. Continued reporting on these topics and others will be crucial to allow the WSD and intervenors to evaluate the expected progress on the WMPs.

⁹ *Id.*, Appendix 3, at 10.

¹⁰ *See Opening Comments of the Energy Producers and Users Coalition on the 2020 Wildfire Mitigation Plans*, April 7, 2020, at 8 (“In light of the emphasis by the Commission on the importance of RSE, PG&E’s estimation of its 2020 WMP RSE remains confusing and difficult to interpret.”).

¹¹ Proposed Roadmap, Appendix 3, and 31.

¹² *Id.*, Appendix 3, at 7.

b. The Proposed Roadmap Should Include Ratepayer Advocate Participation to Ensure that Affordability Goals are Not Overlooked

While the Proposed Roadmap refers to the public comment process for the utilities' past¹³ and future¹⁴ WMP approval processes,¹⁵ it does not explicitly contemplate the pivotal role for robust intervenor participation for future WMPs. Participation by ratepayer advocates in the WMP approval process ensures there is appropriate stakeholder focus on ratepayer impacts.

The Proposed Roadmap does not ignore the impact on ratepayers and dedicates a portion of Appendix 2 on Affordability.¹⁶ Further, it acknowledges “[u]tilities today are spending significantly on wildfire mitigation activities.”¹⁷ The 2019 WMP submissions “indicated over \$3 billion in investment, all of which was planned to be completed within a year.”¹⁸ The Proposed Roadmap further states that the “estimated cost of the initial proposed WMP plans could result in up to 7% increase in monthly bills, for some customers,” and refers to two reports on residential monthly bills. Incoming WMPs will bring higher costs still; in their 2020-2022 WMP submissions, PG&E estimated a total cost of \$9.54 billion¹⁹ and SCE estimated \$4.5 billion²⁰ for its programs. As an industrial ratepayer group, along with all classes of customers, EPUC members are concerned about the impacts of rates from significant wildfire investment. For industrial customers the substantial costs relative to their business operations in California are of acute concern.

¹³ *Id.*, Appendix 1 at 4 (“The statutes establish a 90-day period during which the WSD reviews the WMPs for compliance and effectiveness, accepts public comments, and ultimately issues a decision....”).

¹⁴ *See, id.*, Appendix 3, at 19 (“Stakeholders’ reviews will benefit from consistency in data definitions....”).

¹⁵ *Id.*, Appendix 1 at 4 (“The statutes establish a 90-day period during which the WSD reviews the WMPs for compliance and effectiveness, accepts public comments, and ultimately issues a decision....”).

¹⁶ *Id.*, Appendix 2, at 9.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Supra*, n. 5 (citing *Resolution WSD-003*, June 11, 2020, at 4, Table 1).

²⁰ *Resolution WSD-004*, June 11, 2020, at 5, Table 1.

The Proposed Roadmap correctly considers multiple goals in its affordability focus, for example, a mitigation measure that contributes to both wildfire reduction and long-term resiliency.

To set an affordability goal however, more than only ratepayer costs must be considered. Many investments today are still needed to both prepare for upcoming wildfire seasons and to support longer-term resiliency. Thus, this affordability objective focuses on cost-effectiveness and an assessment of whether utility wildfire mitigation spend is being done in an intelligent, efficient way. When developing and executing their plans, utilities must consider the most reasonable ways to mitigate each driver of risk before selecting initiatives to pursue based on magnitude of risk reduction, cost, and other important factors. The WSD should also consider the efficiency of submitted Wildfire Mitigation Plans during their approval process, although the WSD does not assess appropriate budget size in its WMP evaluation.²¹

However, given the outsize impacts on of the WMP programs on utility customers, allowing comprehensive intervenor analysis is essential.

III. Conclusion

The Proposed Roadmap provides an important framework in the WMP oversight process that considers both short-term and future-looking aspects. However, certain components related to ratepayer protection in approving the monumental wildfire-related infrastructure investment must be included in the final roadmap.



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Lillian Rafii

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²¹ Proposed Roadmap, Appendix 2, at 9.