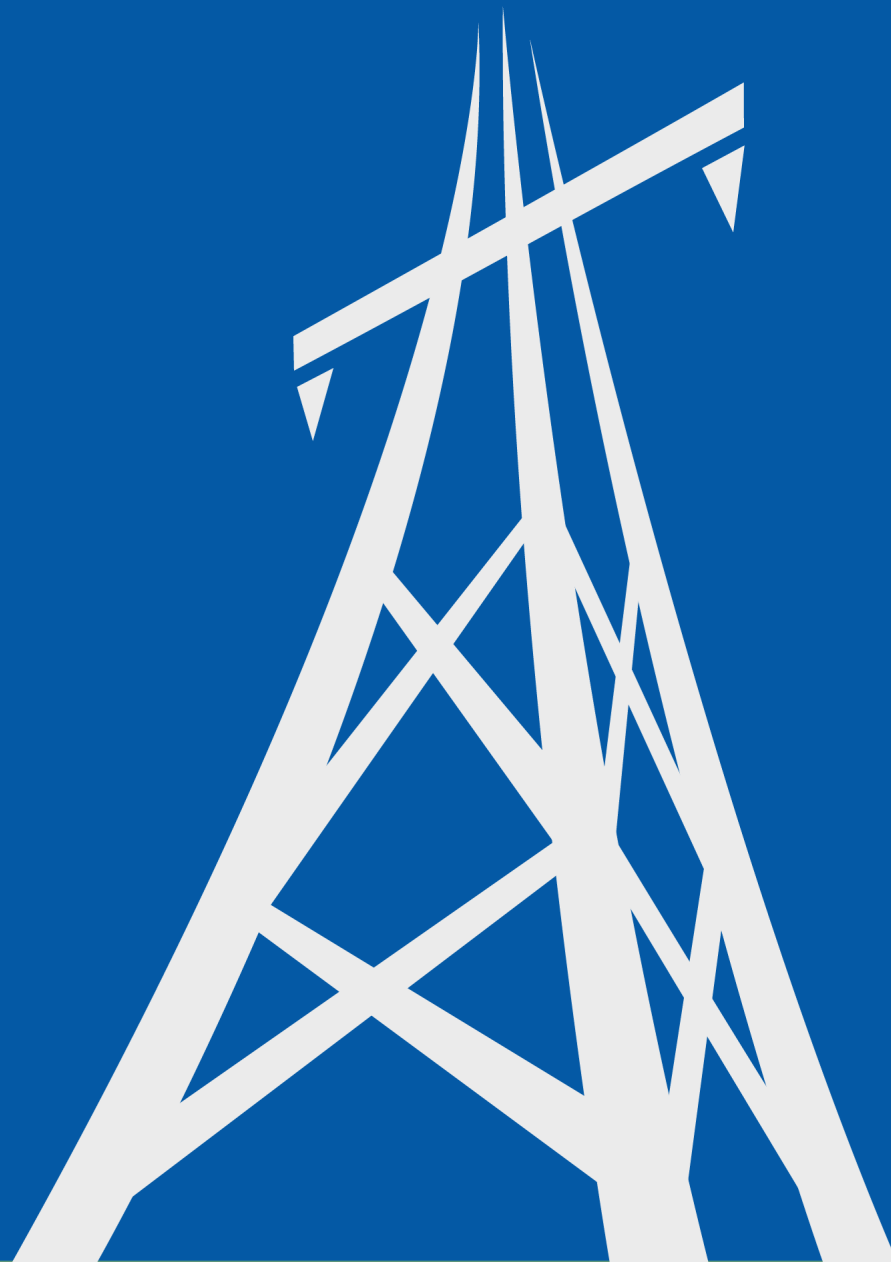
2022 Change Order Guidelines

Public Adoption Meeting
Office of Energy Infrastructure Safety
Tuesday August 15, 2022, 2:00 to 3:00 p.m.



Agenda

- Introduction from Energy Safety staff
- Public Comment on Draft 2022 Change Order Guidelines
- Overview of Change Order Guidelines
- Changes to the Draft
- Adoption
- Closing remarks

Public Comment

If you wish to comment:

- Press the “raise hand” button on Zoom
  - Participants will be unmuted in order of hands raised
- Dial-in participants need to press #2 to raise hand

Overview of Change Order Guidelines



The Purpose of the Change Order Guidelines

- To provide guidance to electrical corporations for requesting approval of significant changes to Wildfire Mitigation Plans (WMPs) after the WMP is approved by Energy Safety.
  - Purpose of a change order
  - Criteria for significance
  - When to submit change order requests
  - How to submit change order requests
  - What to include with requests
  - Stakeholder comment period
  - Grounds for denial of a request

The Purpose of a Change Order

- After an electrical corporation's WMP is approved by Energy Safety, it may gain experience that causes it to want to seek to change approved mitigation initiatives.
- It must submit a change order to Energy Safety if it wants to significantly change approved mitigation initiatives.
  - Change should be based on an updated understanding of risk.

Criteria for a Change Order Request

- A change order is necessary if the change is “significant.”
- The criteria for “significance” includes the change’s initiative category & impact on its risk reduction value or strategic direction/purpose:
  - Categories:
    - Risk assessment and mapping; vegetation management and inspections; grid design and system hardening; grid operations; asset management and inspections; Public Safety Power Shutoff.
  - Impact of change:
    - An increase or decrease of more than 25% of an initiative’s risk reduction value based on an updated understanding of risk.
    - The change represents a significant shift in either the strategic direction or purpose of an initiative.

When to Submit Change Order Requests

- After an electrical corporation's WMP (or Update) is approved by Energy Safety.
- As soon as practicable after the utility determines a change is warranted.
- No later than 5:00 p.m. on November 1, 2022.

How to Submit Change Order Requests

- Requests must be submitted to Energy Safety's e-filing system in the 2022 Wildfire Mitigation Plans docket (#2022-WMPs).
- Electrical corporations must concurrently send all change order requests to the Department of Forestry and Fire Protection at CALFIREUtilityFireMitigationUnit@fire.ca.gov.

What to Include with Requests

- Brief description of the proposed change including:
  - The title of the initiative; page number(s) of description in the 2022 Update; whether proposed change is a change to an approach, a target, or both
- The planned expenditure for that initiative according to the 2022 Update including:
  - Percent of planned expenditure already spent; planned expenditure for the remainder of the current WMP cycle; if the expenditure amount is being redeployed, the amount being redeployed, from what budget to what budget
- Type of change proposed: increase in scale, decrease in scale, change in prioritization, change in timing, or change in the nature of the work.
- Expected outcome from the change within the current WMP cycle, including any reduction to wildfire risk or PSPS risk.

Stakeholder Comment Period

- Stakeholders may comment on change order requests within 20 days of the date the electrical corporation submits a change order request to Energy Safety's 2022-WMPs docket.
- The three-day deadline for discovery during the WMP or Update review period also applies during stakeholder review of change order requests.

Grounds for Denial of a Request

- Proposed change is not likely to reduce wildfire or PSPS risk over existing approved initiative.
- Proposed change does not respond to updated risk assessment and/or only responds to underperformance or overperformance for reasons unrelated to the risk assessment.
- Proposed change is too substantive for the change order process.



Changes Made to the 2022 Draft Guidelines

Written Public Comments

- Draft was published July 6, 2022
- Energy Safety received comments from Public Advocates Office (Cal Advocates) on July 26, 2022
- No reply comments

Timing of Change Order Requests 1/3

Change: Frees utilities to enact necessary changes at any time instead of waiting to enact changes until after submitting a change order request.

Timing of Change Order Requests 2/3

Draft timing (under Section 2, Criteria for a Change Order Request):

An electrical corporation must request approval from Energy Safety **prior to** making any significant change to a mitigation initiative described in its 2022 Update.

Timing of Change Order Requests 2/3

Final timing:

An electrical corporation must request approval from Energy Safety **if it is** making any significant change to a mitigation initiative described in its 2022 Update **as soon as practicable after the Update is approved and the electrical corporation determines a change is warranted**.

Significance Criteria Expansion 1/6

Change: Modifies the standard of a “significant change” to require meeting two criteria, not three.

- Removes the draft requirement that for a change to be “significant” it must include a minimum change in planned cost.
- Now, a change may be “significant” regardless of the change in planned cost.
- Focus is on changes that impact an initiative’s risk reduction value or strategic direction/purpose.

Significance Criteria Expansion 2/6

Draft criteria (under Section 2, Criteria for a Change Order Request):

To be considered "significant" the change must meet the criteria set out in A, B, **and** C below.

A. Type of Initiative

B. Change in Planned Resource Allocation

C. Change in Risk

Significance Criteria Expansion 3/6

A. Type of Initiative

The proposed change is to a mitigation initiative in one or more of the following categories:

- Risk assessment and mapping
- Vegetation management and inspections
- Grid design and system hardening
- Grid operations
- Asset management and inspections
- Public Safety Power Shutoff

Significance Criteria Expansion 4/6

B. Change in Planned Resource Allocation (as written in draft)

The change results in the following:

- An increase, decrease, and/or reallocation of more than **$10 million** that also results in a greater than 10% change in planned expenditures.

Significance Criteria Expansion 5/6

C. Change in Risk

The change results in any of the following:

- An increase or decrease of more than 25% of an initiative's risk reduction value based on an updated understanding of risk

Significance Criteria Expansion 6/6

Final criteria:

To be considered “significant” the change must meet the criteria set out in A **and** B below.

A. Type of Initiative

B. Change in Risk

Change in planned resource allocation is no longer a criterion.

Comment Period Extension 1/2

Change: Extension of comment period on change order requests from 15 to 20 days, specifying 3-day deadline for discovery

Comment Period Extension 2/2

Final comment period:

Stakeholders may comment on change order requests within **20** days of the date the electrical corporation submits a change order request to Energy Safety's 2022-WMPs docket.

The **3-day deadline for discovery** during the WMP review period also applies during stakeholder review of change order requests.

Specifying New Basis for Denial 1/3

Change: Adding a basis for denial of a change order request: a request can be denied if the change is too substantive

Specifying New Basis for Denial 2/3

Final bases for denial of a change order:

- Proposed change is not likely to reduce wildfire or PSPS risk over existing approved initiative.
- Proposed change does not respond to updated risk assessment and/or only responds to under- or overperformance for reasons unrelated to the risk assessment.
- **Proposed change is too substantive for the change order process.**

Specifying New Basis for Denial 3/3

Additionally, this sentence was added to Section 2, Criteria for a Change Order Request:

- Electrical corporations should also not request approval for a fundamental change in strategy, as such a change may be too substantive for the change order process.

Publication of Future Change Order Guidelines

For the 2021 WMP Updates, the criteria for change order requests were included in the Action Statements on the electrical corporations' WMP Updates.

For the 2022 WMP Updates, these criteria are being published as a separate document (2022 Change Order Guidelines)

For the 2023 WMP, these criteria will be included in the Draft 2023 WMP Guidelines.



Adoption of the 2022 Change Order Guidelines & Closing Remarks

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