State of California – A Natural Resources Agency

OFFICE OF ENERGY INFRASTRUCTURE SAFETY

To: Stakeholders

From: Kristin Ralff Douglas

Date: November 7, 2023

MEMORANDUM

Re: Working Group #2 Topics

2023 Undergrounding Plans (Docket #2023-UPs)

Topics for Working Group #2 on Development of Guidelines for the 10-Year Undergrounding Distribution Infrastructure Plan (Undergrounding Plan)

The Electrical Undergrounding Division of the Office of Energy Infrastructure Safety (Energy Safety) is developing guidelines for large electrical corporations to submit a 10-Year Undergrounding Distribution Infrastructure Plan (Undergrounding Plan) pursuant to Public Utilities Code sections 8385 and 8388.5. A copy of these code sections is included as an appendix.

The questions below are part of Energy Safety's ongoing process to develop these guidelines and will be discussed at the November 14, 2023 working group meeting. The working group discussion will benefit from your responses. Stakeholders wishing to propose additional related topics ahead of the meeting are invited to do so before Thursday, November 9th via email to ElectricalUndergroundingPlans@energysafety.ca.gov.

Stakeholders may provide post-working group comments via e-filing by November 20, 2023. E-filing instructions are provided on the Energy Safety website.

The required components of the Plan are listed in Public Utilities Code section 8388.5(c). The Working Group #2 is an opportunity for stakeholders to give input on these components as well as how Energy Safety could use this information in reviewing a Plan.

Part I Comparisons

(c)(4) A comparison of undergrounding versus aboveground hardening of electrical infrastructure and wildfire mitigation for achieving comparable risk reduction, or any other alternative mitigation strategy, such as covered conductor and rapid earth fault current limiter devices, for those prioritized undergrounding projects, evaluating the scope, cost, extent, and risk reduction of each activity, separately and collectively, over the duration of the plan. The comparison shall emphasize risk reduction and include an analysis of the cost of each activity for reducing wildfire risk, separately and collectively, over the duration of the plan.

A. Alternative Mitigation Strategies

1. The statute identifies two alternative mitigation strategies: covered conductor and rapid earth fault current limiter devices. What other mitigation strategies are currently available? Are there any existing estimates or methodologies for calculating wildfire risk reduction for individual mitigation activities and/or undergrounding?

2. Describe how mitigation strategies could be combined to increase risk reduction. Which mitigation strategies could be combined? Are there any existing estimates or methodologies for calculating wildfire risk reduction for combined mitigation activities?

3. Are there any existing estimates or methodologies for estimating the cost of different alternative mitigation strategies and/or undergrounding?

4. How can Energy Safety use this information to inform evaluation of the Plan?

B. Required Comparisons

1. Describe the comparisons that should be included in the Plan. Are the following comparisons required and/or necessary:
   - Comparison of each alternative to the baseline used for (d)(2) for each Undergrounding Project.
   - Comparison of each alternative to a proposed Undergrounding Project.
   - Comparison of risk reduction provided the Plan as a whole be to mitigation alternatives.

2. For each year of the Plan, provide analysis of risk reduction for mitigation activities comparing undergrounding to alternative mitigations.

3. How can Energy Safety use this information to inform evaluation of the Plan?

Part II Prioritization Methodology

*(2) Identification of the undergrounding projects that will be constructed as part of the program, including **a means of prioritizing** undergrounding projects based on wildfire risk reduction, public safety, cost efficiency, and reliability benefits.*

1. The statue requires the Plan to include a means of prioritizing undergrounding projects *based on wildfire risk reduction, public safety, cost efficiency, and reliability benefits.* How should each of the factors be defined? What information, input, sources should be used for defining each of the four factors?

2. When should the means of prioritization be applied?

3. What principles should guide how these four factors are applied for prioritization. Should the factors be applied equally or weighted? Is one factor more important than the others?

Appendix

California Public Utilities Code
Division 4.1 Provisions Applicable to Privately Owned and Publicly Owned Public Utilities
Chapter 6 Wildfire Mitigation
Sections 8385 and 8388.5

Section 8385.

(a) For purposes of this chapter, the following definitions shall apply:
(1) "Compliance period" means a period of approximately one year.
(2) "Deenergization event" means the proactive interruption of electrical service for the purpose of mitigating or avoiding the risk of causing a wildfire.
(3) "Electrical cooperative" has the same meaning as defined in Section 2776.
(4) "Large electrical corporation" has the same meaning as defined in Section 3280.
(5) "Office" means the Office of Energy Infrastructure Safety, within the Natural Resources Agency.
(b) Beginning July 1, 2021, the office shall supervise an electrical corporation's compliance with the requirements of this chapter pursuant to the Public Utilities Act (Part 1 (commencing with Section 201) of Division 1). Nothing in this chapter affects the commission's authority or jurisdiction over an electrical corporation, electrical cooperative, or local publicly owned electric utility.

Section 8388.5.

(a) The commission shall establish an expedited utility distribution infrastructure undergrounding program consistent with this section.
(b) Only a large electrical corporation may participate in the program.
(c)(1) A 10-year plan for undergrounding distribution infrastructure.
(2) Identification of the undergrounding projects that will be constructed as part of the program, including a means of prioritizing undergrounding projects based on wildfire risk reduction, public safety, cost efficiency, and reliability benefits. Only undergrounding projects located in tier 2 or 3 high fire-threat districts or rebuild areas may be considered and constructed as part of the program.
(3) Timelines for the completion of identified and prioritized undergrounding projects, and unit cost targets and mileage completion targets for each year covered by the plan.
(4) A comparison of undergrounding versus aboveground hardening of electrical infrastructure and wildfire mitigation for achieving comparable risk reduction, or any other alternative mitigation strategy, such as covered conductor and rapid earth fault current limiter devices, for those prioritized undergrounding projects, evaluating the scope, cost, extent, and risk reduction of each activity, separately and collectively, over the duration of the plan. The comparison shall emphasize risk reduction and include an analysis of the cost of each activity for reducing wildfire risk, separately and collectively, over the duration of the plan.
(5) A plan for utility and contractor workforce development.
(6) An evaluation of project costs, projected economic benefits over the life of the assets, and any cost containment assumptions, including the economies of scale necessary to reduce wildfire risk and mitigation costs and establish a sustainable supply chain.
(d) Upon a large electrical corporation submitting a plan to the office, the office shall do both of the following:

(1) Publish the plan for public comment.
(2) Within nine months, review and approve or deny the plan. The office may only approve the plan if the large electrical corporation has shown that the plan will substantially increase electrical reliability by reducing the use of public safety power shutoffs, enhanced powerline safety settings, deenergization events, and any other outage programs, and substantially reduce the risk of wildfire. Before approving the plan, the office may require the large electrical corporation to modify the plan.
(e) (1) Upon the office approving a plan pursuant to paragraph (2) of subdivision (d), the large electrical corporation shall, within 60 days, submit to the commission a copy of the plan and an application requesting review and conditional approval of the plan's costs and including all of the following:
(A) Any substantial improvements in safety risk and reduction in costs compared to other hardening and risk mitigation measures over the duration of the plan.
(B) The cost targets, at a minimum, that result in feasible and attainable cost reductions as compared to the large electrical corporation's historical undergrounding costs.
(C) How the cost targets are expected to decline over time due to cost efficiencies and economies of scale.
(D) A strategy for achieving cost reductions over time.
(2) The assigned commissioner may waive the requirements of subdivisions (b), (d), (f), and (i) of Section 1701.3 for an application submitted to the commission pursuant to paragraph (1).
(3) In reviewing an application submitted to the commission pursuant to paragraph (1), the commission shall consider not revisiting cost or mileage completion targets approved, or pending approval, in the electrical corporation's general rate case or a commission-approved balancing account ratemaking mechanism for system hardening.
(4) Upon the commission receiving an application pursuant to paragraph (1), the commission shall facilitate a public workshop for presentation of the plan and take public comment for at least 30 days.
(5) On or before nine months, the commission shall review and approve or deny the application. Before approving the application, the commission may require the large electrical corporation to modify or modify and resubmit the application.
(6) The commission shall consider continuing an existing commission-approved balancing account ratemaking mechanism for system hardening for the duration of a plan, as determined by the commission, and shall authorize recovery of recorded costs that are determined to be just and reasonable.
(f) If the plan is approved by the office and commission, the large electrical corporation shall do all of the following:
(1) Every six months, file a progress report with the office and the commission. The large electrical corporation and the office shall publish these progress reports on their internet websites.
(2) Include ongoing work plans and progress in annual wildfire mitigation plan filings.
(3) Hire an independent monitor, selected by the office, to review and assess the large electrical corporation's compliance with its plan and submit a report with the office each December 1 over the course of the plan.
(g) (1) In reviewing and assessing the large electrical corporation's compliance with its plan pursuant to paragraph (3) of subdivision (f), the independent monitor shall assess whether the large electrical corporation's progress on undergrounding work has been consistent with the objectives identified in its plan. The independent monitor's report shall specify any failure, delays, or shortcomings of the large electrical corporation and provide recommendations for improvements to accomplish the objectives set forth in the plan.

(2) The large electrical corporation shall have 180 days to correct and eliminate any deficiency specified in the independent monitor's report.
(3) On or before December 1 of each year the plan is in effect, the independent monitor shall submit the report to the office.
(h) The office shall publish reports received pursuant to paragraph (3) of subdivision (g) on its internet website.
(i) (1) The office shall consider the independent monitor's report and whether the large electrical corporation has cured any deficiencies, and may recommend penalties to the commission.
(2) The commission may assess penalties on a large electrical corporation that fails to substantially comply with a commission decision approving its plan.
(j) Each large electrical corporation participating in the program shall apply for available federal, state, and other nonratepayer moneys throughout the duration of its approved undergrounding plan, and any moneys received as a result of those applications shall be used to reduce the program's costs on the large electrical corporation's ratepayers.