



To: 2021 Wildfire Mitigation Plans Service List (OEIS WMP)
From: Office of Energy Infrastructure Safety
Date: October 6, 2021
Subject: Office of Energy Infrastructure Safety Final Change Order Process

Introduction

This document sets forth the Office of Energy Infrastructure Safety’s (Energy Safety’s) final Change Order process for changes to electrical corporations’ (hereafter referred to as “utilities”) 2021 Wildfire Mitigation Plan (WMP) Updates.

Background to the Change Order process

The objective of a Change Order process is to ensure the utilities continue to follow the most effective and efficient approach to mitigating wildfire risk. This could change as new information becomes available and as the utilities gain experience and measure the outcomes of their initiatives. If a utility seeks to significantly modify (i.e., reduce, increase, or end) WMP mitigation measures in response to data and results on a utility’s ignition risk reduction impacts, the utility must submit a Change Order Request. This will allow the utility to refine certain elements of WMP initiatives when there is demonstrable quantitative and qualitative justification for doing so.

The goal of the Change Order process is to ensure that utilities make significant changes to their approved WMPs prior to submission of the subsequent year’s WMPs only if the utilities demonstrate these changes to be improvements per WMP approval criteria (i.e., completeness, technical feasibility, effectiveness, and resource use efficiency). In addition, it enables Energy Safety to have visibility on and the ability to respond to any significant changes to any of the utilities’ approved 2021 WMP Updates as efficiently and in as streamlined a way as possible.

Energy Safety’s proposed Change Order process for 2021 is documented in Section 7 of all 2021 WMP Action Statements, which set out Energy Safety’s determination on each utility’s 2021 WMP Update.¹

In Section 7 of the WMP Action Statements, Energy Safety proposed new threshold criteria to trigger a Change Order Report. The proposed thresholds pertain to the following categories:

- Changes in WMP scope by initiative
- Changes in WMP expenditure by initiative
- Changes to estimated risk reduction by initiative

¹ <https://energysafety.ca.gov/what-we-do/wildfire-mitigation-and-safety/wildfire-mitigation-plans/2021-wmp/>



- Changes to WMP initiative targets
- Changes to strategic direction or purpose of an initiative
- Changes to the strategy, protocols and/or decision-making criteria related to Public Safety Power Shutoff (PSPS) events

In the 2021 WMP Action Statements, Energy Safety indicated that the process for submitting or reviewing Change Orders may be modified at its discretion with written notice. This document sets forth the final Change Order process for the 2021 WMP Updates.

Public comments on the Change Order process for 2021

As part of the public comment process on the WMP Action Statements, the following stakeholders submitted comments on the proposed Change Order process: San Diego Gas & Electric Company (SDG&E) on July 1, 2021, Southern California Edison Company (SCE) on August 5, 2021, and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) on August 30, 2021.

Public comments on the Change Order process focused on two main issues:

- The threshold criteria that should trigger a Change Order submission from a utility, especially whether a change in cost should be included as one of the threshold criteria; and
- Whether a Change Order Report should be required to be submitted by the utility from the date of WMP submission rather than WMP approval.

On the matter of cost, SDG&E states² that a change in the cost of an initiative is less relevant than a change in its scope. SDG&E suggests that an initiative could change in cost due to “execution variance” without significantly affecting the initiative’s scope. Further, SDG&E submits that an increase in cost that doesn’t affect scope would be evaluated in the utilities’ General Rate Case or other application and shouldn’t be “litigated in a WMP proceeding.” As such, SDG&E suggests changing the proposed criterion of “a change that would result in an increase, decrease, or reallocation of more than \$5 million constituting a greater than 10% change in spend allocation” to a change where “the scope of a mitigation was purposely increased or decreased greater than 25%.”

SCE’s comments³ concur with SDG&E’s and state that “[g]iven that utilities must produce Change Orders for adjustments that reduce or increase risk reduction values of an initiative by more than 25%, and/or result in a radical shift in the strategic direction or purpose of an

² Comments of San Diego Gas & Electric Company (U 902 M) Addressing Approval of its 2021 Wildfire Mitigation Plan, filed at energysafety.ca.gov Docket #2021-WMPs, pp. 10-11.

³ Southern California Edison Company’s Comments on Draft Resolution WSD-020, filed at energysafety.ca.gov Docket #2021-WMPs, pp. 11-12.



initiative, the requirement to produce a Change Order for a 10% shift in cost allocation should be removed.” However, SCE does recommend an alternative if expenditure is not removed from the threshold criteria. SCE suggests that “the cost threshold should be increased from 10% to 25% with a focus on scope, not cost, to align with capturing substantial modifications, consistent with the requirements around changes in risk reduction values and strategic direction.”

Cal Advocates’ comments⁴ indicate that any substantial change should trigger a Change Order Report from the utility. Furthermore, Cal Advocates argues that the utilities should submit a Change Order Report for all major changes to their WMPs, starting from the date the WMP has been submitted to Energy Safety for review, rather than from the date of approval. Cal Advocates notes that PG&E has already made several significant changes to its original WMP submission and that no Change Order Reports have been submitted to Energy Safety to document these changes.

Response to Comments on the proposed Change Order process for 2021

In response to comments, Energy Safety has amended the expenditure threshold criterion that triggers a Change Order Report. Energy Safety agrees that understanding justification for a change in scope is the focus of the Change Order process but maintains that cost is a proxy for tracking significant changes. Therefore, the final Change Order process includes an increased spend threshold, from \$5m to \$10m and/or from 10% to 20% of an initiative’s planned total expenditure.

On further consideration of the threshold criteria, Energy Safety has added a criterion for modification of targets as a critical potential indicator of purposeful or inadvertent change in scope. This is based on observed shifts in targets submitted through Quarterly Initiative Updates (QIUs).

Energy Safety agrees with Cal Advocates that the Change Order Report must capture significant shifts in the WMPs, starting from the date the WMP was submitted to Energy Safety for review, (i.e., in February and March 2021), rather than from the point of approval, as defined by the final process established herein. In response to Cal Advocates’ comments on PG&E’s changes to its 2021 WMP Update, Energy Safety expects PG&E to submit a Change Order Report that documents any changes that meet its Change Order threshold criteria.

Final Change Order Process for 2021

The final Change Order process for the 2021 WMP Updates is below.

⁴ The Public Advocates Office’s Comments on Draft Resolution WSD-021 and the Office of Energy Infrastructure Safety’s Draft Action Statement on Pacific Gas and Electric Company’s 2021 Wildfire Mitigation Plan (WMP) Update Pursuant to Public Utilities Code Section 8386, filed at energysafety.ca.gov Docket #2021-WMPs, pp. 6-7.



If a utility seeks to significantly modify (i.e., reduce, increase, or end) WMP mitigation measures in response to data and results on utility ignition risk reduction impacts, the utility must submit a Change Order Report. At a high level, the objective of the Change Order process is to ensure the utility continues to follow the most effective and efficient approach to mitigating its wildfire risk. This could change as new information becomes available and as the utility gains experience and measures the outcomes of its initiatives. The Change Order Report must include significant shifts in the WMPs starting from the date the WMP has been submitted to Energy Safety for review (i.e., in February and March 2021).

The Change Order process set forth herein provides a mechanism for the utility to make adjustments based on this information and experience. The goal of this process is to ensure that utilities make significant changes to their WMPs only if the utilities demonstrate these changes to be improvements per WMP approval criteria (i.e., completeness, technical feasibility, effectiveness, and resource use efficiency). Another goal of the Change Order process is to maximize Energy Safety’s visibility and ability to respond to any significant changes to the approved WMP as efficiently and in as streamlined a way as possible. Finally, a Change Order allows the utility to explain whether a change is intentional or inadvertent.

A “significant” change to a utility’s WMP that would trigger the Change Order process is defined below:

- A change falls into the following initiative categories, i) risk assessment and mapping, ii) vegetation management and inspections, iv) grid design and system hardening, or v) asset management and inspections.

or

- A change to the utility’s PSPS strategy, protocols and/or decision-making criteria.

and

- Meets one or more of the following criteria:
 - A change that would result in an increase or decrease of more than \$10 million or constituting a greater than 20% change in an initiative’s planned total expenditure.
 - A change that reduces or increases the estimated risk reduction value of an initiative by more than 25%.
 - A change that results in the modification of a WMP initiative target by greater than or equal to 5%. Targets are identified in Table 5.3-1 included in the 2021 WMP Guidance and through QIU submissions as described in Compliance Guidance (i.e., number of trees trimmed, miles of power lines hardened, or poles inspected). Energy Safety expects these two sources of information to be identical.



- A change that results in a significant shift of either the strategic direction or purpose of an initiative (i.e., introducing use of a novel risk model that reverses the risk profile of the utility’s circuits).

If a utility is unsure whether a change is significant, the utility is encouraged to discuss the change informally with Energy Safety in advance of submission of a Change Order Report via email to safetypolicy@energysafety.ca.gov. The Change Order process is not intended to allow utilities to unilaterally change their WMP initiatives and program targets; rather, its purpose is to provide a mechanism for refining certain elements of WMP initiatives when there is demonstrable quantitative and qualitative justification for doing so.

Submission of Change Order Reports

Utilities shall submit any Change Order Reports as soon as they have confirmed the change, with a final deadline by 5:00 p.m. on November 1, 2021. Energy Safety will review change orders and may issue either an approval or a denial if proposed changes are deemed to be materially out of alignment with Energy Safety’s goals. At a minimum, each proposed Change Order shall provide the following information:

- i. The proposed change
 - a. The initiative being altered with reference to where in the WMP the initiative is discussed
 - b. The planned budget of that initiative, including:
 - i. Planned spend in the 2021 WMP of the initiative being altered
 - ii. Of the planned spend identified in i. above, how much has already been spent
 - iii. Planned spend for the remainder of the WMP plan period
 - iv. If spend is being redeployed, how much is being redeployed and to/from which budget
 - c. The type of change being proposed, reported as one of the following:
 - i. Increase in scale
 - ii. Decrease in scale
 - iii. Change in prioritization
 - iv. Change in deployment timing
 - v. Change in work being done
 - vi. Other change (described)
 - d. A detailed description of the proposed change
- ii. Justification for the proposed change
 - a. In what way, if any, does the change address or improve:
 - i. Completeness
 - ii. Technical feasibility of the initiative
 - iii. Effectiveness of the initiative



- iv. Resource use efficiency over portfolio of WMP initiatives
- iii. Change in expected outcomes from the proposed change
 - a. What outcomes, including quantitative ignition probability and PSPS risk reduction, was the changed initiative expected to achieve in the 2021 WMP Update?
 - b. What outcomes, including quantitative ignition probability and PSPS risk reduction, will the initiative deliver with the proposed adjustment?

Submission of Change Order Reports shall be through Energy Safety's e-filing system. Change Order Reports must be submitted to the 2021 WMPs Docket (docket #2021-WMPs). Utilities shall concurrently serve all reports on the Department of Forestry and Fire Protection at CALFIREUtilityFireMitigationUnit@fire.ca.gov.

Stakeholder comments on Change Order Reports

Stakeholders may comment on Change Order Reports within fifteen days of submission following the submission instructions above but may not otherwise seek Change Orders through this process.

Sincerely,

Melissa Semcer

Melissa Semcer
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