

State of California
Office of Energy Infrastructure Safety
Initial Statement of Reasons

TITLE 14. NATURAL RESOURCES
DIVISION 17. OFFICE OF ENERGY INFRASTRUCTURE SAFETY
CHAPTER 2. INVESTIGATION AND COMPLIANCE
ARTICLE 1. REPORTING, INVESTIGATIONS, VIOLATIONS
SECTIONS 29300, 29302

Background

The Office of Energy Infrastructure Safety (Energy Safety) proposes to amend and make permanent emergency regulations sections 29300 and 29302 to Article 1, Chapter 2 of Division 17 of Title 14 of the California Code of Regulations (Proposed Regulation).¹ The Proposed Regulation sets forth the notification requirements for utilities in the event of a fault, outage or other system anomaly; provide the scope of investigations; and define notice of defect and notice of violation.

Pursuant to Government Code section 15473(c)(2)(E), the Energy Safety director may adopt, amend, and repeal regulations as necessary to carry out the powers, duties, and responsibilities of Energy Safety. Safety Act,

¹ Unless otherwise specified, the use of the term “Proposed Regulation” is to mean both sections 29300 and 29302 to Article 1, Chapter 2 of Division 17 of Title 14 of the California Code of Regulations.

section 326 of, and sections 8385 to 8389, inclusive, of, the Public Utilities Code, or other statutes pertaining to Energy Safety.

Under Government Code section 15475, Energy Safety may require information and data, including monitoring, verification of every regulated entity (an entity that is regulated by Energy Safety)² and any business that is a subsidiary or affiliate of a regulated entity with respect to or that may influence any matter concerning wildfire safety.

Under Government Code section 15473(c)(2)(D), Energy Safety can conduct investigations in any part of the state, compel information, and hold hearings, public meetings, or workshops as necessary to carry out the powers, duties, and responsibilities of the office, consistent with the exercise of its authority pursuant to the California Energy Infrastructure Pursuant to Government Code section 15475.1, Energy Safety may determine that a regulated entity is not in compliance with any matter under its authority, and investigate as to whether the regulated entity is noncompliant with its duties and responsibilities or if the entity violated any law, regulations, or guidelines within the authority of the office. Under Government Code section 15475.2, Energy Safety may issue a notice of defect or violation to direct the regulated entity to correct any defect or noncompliance with the approved wildfire mitigation plan or failure to comply with any laws, regulations, or guidelines within Energy Safety's authority.

Energy Safety's decision to amend and make permanent the Proposed Regulation is based on an evaluation of past data collection efforts and requests from regulated entities to provide greater clarity in Energy Safety's investigation authority.

² There are eight entities who are regulated by Energy Safety: (1) Pacific Gas and Electric Company (PG&E), (2) Southern California Edison Company, (3) San Diego Gas & Electric Company, (4) Liberty Utilities, (5) PacifiCorp, (6) Bear Valley Electric Service, Inc. (Bear Valley), (7) Horizon West, and (8) Trans Bay Cable LLC. (See Pub. Util. Code § 8385(b) [Energy Safety shall supervise an electrical corporation's compliance with the requirements of Chapter 6, Division 4.1 of the Public Utilities Code]; Pub. Util. Code § 218 [Electrical corporation includes every corporation or person owning, controlling, operating, or managing any electrical plant for compensation within California, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others].)

Statement of Purpose, Problem, Necessity, and Benefits

On July 12, 2019, the Governor signed Assembly Bill No. 111, which established the Office of Energy Infrastructure Safety within the Natural Resources Agency, and set forth the California Energy Infrastructure Safety Act. The bill provided that, after July 1, 2021, Energy Safety would succeed Public Utilities Commission's Wildfire Safety Division, and is vested with all the duties, powers, and responsibilities of the division, including, but not limited to, the power to compel information and conduct investigations.

On July 22, 2021, the Governor signed Assembly Bill No. 148, which expanded upon the powers, duties, and responsibilities of Energy Safety. The bill required that a regulated entity cooperate fully with Energy Safety in any investigation conducted by Energy Safety, and to produce or allow inspection of any books, accounts, papers, records, including computer modeling, programs, and other digital records, kept by a regulated entity, a subsidiary or affiliate, or a corporation that holds a controlling interest in a regulated entity. The bill expanded upon the enforcement authority of the Energy Safety, including the authority to issue a notice of defect or violation to direct the regulated entity to correct any defect or noncompliance.

Energy Safety's mission is to advance long-term utility wildfire safety by developing data-driven, comprehensive utility wildfire mitigation evaluation and compliance criteria, collaborating with local, state and federal agencies, and supporting efforts to improve utility wildfire safety culture and innovation. Energy Safety will ensure electrical utilities are taking effective actions to reduce utility-related wildfire risk by deploying measures to ensure an integrated, utility-related wildfire mitigation approach and to seek innovative problem solving to address utility wildfire risks.

For Energy Safety to perform its vital work as a new office, Energy Safety needs regulations that establish the process and procedures that will form the structure of its operations in meeting its statutory mandates. The Proposed Regulation will provide a framework for Energy Safety to interact with regulated entities so they understand how Energy Safety obtains information, what information is required to be provided, and how Energy Safety ensures compliance with requirements imposed on regulated entities.

Purpose

The purpose of the Proposed Regulation is, (1) to provide clarity for the regulated entity in their data submission so that Energy Safety can gather good data to promote wildfire safety through ensuring regulated entities' compliance with applicable law, regulations, and guidelines; and (2) to clearly outline Energy Safety's scope of investigation and define what notice of defect and notice of violation entail such that regulated entity can respond appropriately and correct any defect or violation in an efficient manner.

Benefit

The benefit of the Proposed Regulation is assistance in implementation of Energy Safety's duties under the Act, which will promote better wildfire safety. Good data submission will help Energy Safety better understand and study the types of events that Wildfire Mitigation Plans are intended to prevent. This understanding, in turn, helps Energy Safety better enforce and ensure compliance by regulated entities with applicable law, regulations, and guidelines to ensure improved wildfire safety. Relatedly, a clear scope of investigation and definitions as to what notice of defect and notice of violation entail will provide a better result to compliance enforcement. Regulated entities will understand exactly the type of investigation they are under, what deficiency, error, risky condition, or non-compliance Energy Safety identified, and what regulated entities need to do in response to a notice of defect or violation. This in turn will promote better wildfire safety, which in turn will protect California's people and environment from deadly wildfires that may result from regulated entities' infrastructure.

Necessity

The Proposed Regulation is necessary to better enforce regulated entity compliance with existing law and promote wildfire safety among the regulated entities. The Proposed Regulation language set forth expressly when regulated entities need to submit notifications to Energy Safety, what Energy Safety may investigation, and what a notice of defect and a notice of violation constitute. Comments from regulated entities on prior regulations indicate that vague and overbroad rules may be counterproductive to Energy Safety receiving good data or ensuring effective responses to compliance efforts.

Section 29300: With respect to notifications, regulated entities have requested clarity in the kind of notification Energy Safety is seeking. In particular, questions have been raised as to the kind of anomaly, the scope of fires, the distance between the infrastructure at issue and the fire, and the timeline to provide such notification. Data collection experience has also supported this narrowing, to ensure Energy Safety receives only data that would most likely assist it in studying the type of events that Wildfire Mitigation Plans are to prevent.

Section 29300(a), (c), (d): Under section 29300(a), A regulated entity must notify the Office within one business day after the regulated entity knows, or has reason to know, with respect to a fire requiring a response from a fire suppression agency, when: (1) A fault, outage, or other anomaly has occurred on infrastructure that it owns or operates within six hours of the start of the fire; and (2) The infrastructure with the fault, outage, or anomaly is within one mile of either the origin of the fire or perimeter of the fire at the time of the notification, whichever is known and closest.

Under section 29300(c), “anomaly” is defined to mean an unplanned condition outside of normal operating parameters of a power grid that does not result in a fault or an outage. Under section 29300(d), the “start of the fire” is defined to mean when a regulated entity knows, or has reason to know, of the fire.

To further define data parameters for better quality data that will assist with compliance enforcement efforts, Energy Safety provided regulation language in the Proposed Regulation that limits the reporting to fires that would require a response from a fire suppression agency. This data set is then further limited to when fault, outage, or other anomaly has occurred on infrastructure that a regulated entities owns or operates within six (6) hours of the start of such fire, and where that infrastructure is within one mile of the origin or parameter of the fire. The timeframe of six (6) hours and the geographic range of one (1) mile, based on past wildfires, would sufficient narrow the set of data received by Energy Safety while covering fault, outage, or other anomalies that may not otherwise be known to have existed at the start of the fire. Energy Safety provided one business day for this data submission, as opposed to other shorter or longer time frame, to balance the purpose of the data, the need for timely data, and response capability. Past data collection experience demonstrated that shorter timeframe may result in habitual noncompliance that would require large amount of staff time to ensure data submission compliance. Longer submission timeframe would result in untimely data. Addition definitions

for “anomaly” and “start of the fire” have also been added to ensure regulated entities understand the parameters of the data, and do not inundate Energy Safety with inapplicable data. “Anomaly” is defined as an unplanned condition to cover any situation that does not result in a fault or an outage to ensure that Energy Safety receives sufficiently wide range of abnormal conditions. “Start of the fire” is defined to mean when a regulated entity knows, or has reason to know, of the fire to cover the wide variety of ways a regulated entity may have knowledge of a fire. Based on past data submission experience, for example, regulated entities may have knowledge of a fire through notification from a fire suppression agency, through routine maintenance of its infrastructure, through accidental discovery, or through satellite maps.

Section 29300(b): The Proposed Regulation language also requires notification within four (4) hours if the regulated entity knows, or has reason to know, that either: (1) infrastructure owned or operated by the regulated entity might have started a fire requiring a response from a fire suppression agency, or (2) a government entity is investigating whether infrastructure owned or operated by the regulated entity caused a fire. This timeframe similarly had to balance among Energy Safety’s purpose and need for the information and regulated entity’s response time. If the Proposed Regulation does not provide for a timeframe, Energy Safety may not receive a notification in a timely manner such that it can effectively use the data to better understand and study the types of events that Wildfire Mitigation Plans are intended to prevent. The timeframe of four (4) hours provides a regulated entity sufficient time to respond but not so much time that Energy Safety would miss any opportunity to request and study data regarding the infrastructure in in a timely manner.

Section 29302: With respect to investigation and notices of defect and violation, it is necessary for Energy Safety to provide a scope of its investigation and to clearly define the terms “notice of defect” and “notice of violation,” so that regulated entities can provide the appropriate response to mitigate or correct the deficiency, error, condition, or violation at issues in a timely manner without any confusion or ambiguity. The language in the Proposed Regulation allows Energy Safety to clearly articulate exactly what issue Energy Safety is investigation, and what defect or violation a regulated entity needs to resolve.

Technical, Theoretical, and Empirical Studies, Reports, and Similar Documents Relied Upon

Energy Safety relied on the following documents in the development of the Proposed Regulation:

- Combined Comments from Regulated Entities on Prior Regulations
- U.S. Bureau of Labor Statistics Occupation Outlook Handbook, available at, <https://www.bls.gov/ooh/>.
- PG&E Cost Estimates
- Bear Valley Cost Estimates
- State of California Civil Service Pay Scale, available at, https://www.calhr.ca.gov/Pay%20Scales%20Library/PS_Sec_15.pdf.
- CPUC Incident Investigations for Electric and Communication Facilities, available at, See <https://www.cpuc.ca.gov/regulatory-services/safety/electric-safety-and-reliability-branch/electric-generation-safety-and-reliability/incident-investigations-for-electric-and-communication-facilities>.

Information Supplied by Interested Parties

- Combined Comments from Regulated Entities on Prior Regulations
- PG&E Cost Estimates
- Bear Valley Cost Estimates

Economic Impact Assessment

Summary

As required by Government Code section 11346.3, Energy Safety assessed the potential for this proposed regulation to cause adverse impacts to California businesses and individuals. Following a review of cost estimation provided by regulated entities and an economic analysis performed by its consultant, Energy Safety determined the Proposed Regulation is not a major regulation³ and is unlikely to have a significant adverse impact on business. This Economic Impact Assessment is also based on the conclusion that there are only eight (8) regulated entities

³ Major regulation: Government Code section 11342.548 defines a “major regulation” as any proposed adoption of a regulation that will have an economic impact on California businesses in an amount exceeding \$50 million dollars as estimated by the adopting agency.

currently that meet the definition of “electrical corporation” and are under Energy Safety’s authority (see footnote 1).

Section 29300 Notification

(a) A regulated entity must notify the Office within one business day after the regulated entity knows, or has reason to know, with respect to a fire requiring a response from a fire suppression agency, when:

(1) A fault, outage, or other anomaly has occurred on infrastructure that it owns or operates within six hours of the start of the fire; and

(2) The infrastructure with the fault, outage, or anomaly is within one mile of either the origin of the fire or perimeter of the fire at the time of the notification, whichever is known and closest.

(b) A regulated entity must notify the Office within four hours after the regulated entity knows, or has reason to know, that either: (1) infrastructure owned or operated by the regulated entity might have caused a fire requiring a response from a fire suppression agency, or (2) a government entity is investigating whether infrastructure owned or operated by the regulated entity caused a fire.

(c) For purpose of this section, “anomaly” is defined to mean an unplanned condition outside of normal operating parameters of a power grid that does not result in a fault or an outage.

(d) For purpose of this section, “start of the fire” is defined to mean when a regulated entity knows, or has reason to know, of the fire.

Energy Safety estimates the implementation of this portion of the Proposed Regulation will result in a total economic impact on the state’s businesses of less than \$10 million.

Energy Safety estimates the initial annual cost for the eight (8) affected regulated entities for providing notifications (one-business-day notification and four-hour notification) to Energy Safety would range from \$14,416 to \$469,374.10. Because each regulated entity varies in size and has their own business operations, Energy Safety cannot predetermine the actions a regulated entity will take in the subsequent years, such as reallocation of its staff, redistribution of work to existing staff, or consolidation of staff functions. Wildfires caused by regulated entities may also change

regulated entities' internal structure and reporting needs. Therefore, Energy Safety cannot speculate as to the costs over the regulated entities' lifetime.

Based on past notification submissions pursuant to emergency regulations, Energy Safety estimates that it would receive 264 one-business-day notifications and 8 four-hour notifications annually that fall within the Proposed Regulation language requirements from regulated entities. Energy Safety estimates that the cost per regulated entity per notification would be \$3,248.76, assuming a notification requires both engineering and management input.

Energy Safety relied on its past data collection data, information provided by regulated entities, and U.S. Bureau of Labor Statistics. Due to the widely divergent responses (three⁴ regulated entities responded to Energy Safety's request for cost estimates), Energy Safety's analysis pulled estimates from its past data collection and used wage estimates from U.S. Bureau of Labor Statistics for an independent analysis. Given a lack of data and many uncertainties surrounding the effort required to complete the notification process defined in the Proposed Regulation, these initial costs may be overestimated. In addition, as noted above Energy Safety cannot predetermine the actions a regulated entity will take in the subsequent years, such as change in its internal processes and reporting needs, reallocation of its staff, redistribution of work to existing staff, or consolidation of staff functions.⁵ Therefore, the cost estimates provided here are unlikely to duplicate over subsequent years.

⁴ PG&E, SCE, and Bear Valley responded, but SCE's data did not include sufficient information to derive the cost per notification to be comparable with other data. Therefore, Energy Safety did not include the data in its analysis.

⁵ Given the small number of notifications across multiple regulated entities that Energy Safety has received in the past pursuant to its emergency regulations, it is unlikely that regulated entities will expend the initial expenditure continuously in subsequently years. Regulated entities may consolidate work functions or reallocation staff time to cover multiple types of reporting for efficiency. For example, regulated entities report to Public Utilities Commission (CPUC) electric incidents (accidents involving electric facilities) that meets the below criteria:

- A fatality or injury involving electric facilities.
- Damage to property of the utility or others in excess of \$50,000.
- Significant media coverage.
- A major outage to at least 10% of the utilities entire service territory is experienced at a single point in time. Electric utility must report these types of incidents to CPUC within two (2) hours of their occurrence.

Table 1.1 – Notification Estimates

Columns	A	B	C	D	F	G
Utility	Notifications (Past 3 mo.) ⁶	Annual Notifications (A x4)	Notifications did not meet criteria (20%) (Column B*20%)	Notifications that meet the criteria (B-C)	One-Business-Day Notifications (35% of D)	4-Hour Notifications (1% of D)
PG&E	198	792	158	634	215	6
SCE	38	152	30	122	41	1
SDGE	7	28	6	22	8	1 ⁷
Total	243	972	194	778	264	8

Table 1.2 – Notification Estimates Summary

	One-Business-Day Notifications	4-Hour Notifications
Total per year	264	8

(See <https://www.cpuc.ca.gov/regulatory-services/safety/electric-safety-and-reliability-branch/electric-generation-safety-and-reliability/incident-investigations-for-electric-and-communication-facilities>.)

⁶ Due to the limited data Energy Safety had, number of notification from November 17, 2021 through February 15, 2022 (i.e., 3 months) were extrapolated to get annual numbers.

⁷ Rounded up to 1.

There are some caveats to the numbers used in the calculation of this data:

- The notification process that regulated entities currently comply with is required by Energy Safety's emergency regulation, section 29300, submitted to OAL through an emergency rulemaking action on September 3, 2021. The language in the emergency regulation differs slightly from the requirements proposed in this regular rulemaking action. Due to this, notification and incident report figures were included only if they met the criteria of the proposed regulations for one-business-day notification and four-hour notification.
- Given that Energy Safety is a new agency, historical data on notifications and incident reports were only available for 3 months from November 17, 2021, through February 15, 2022, at the time of writing. Recognizing that the recorded numbers occurred in winter months, and that incidents differ annually due to fuel conditions (i.e., drought), fuel load (i.e., volume of burnable vegetation), fire weather, etc., it was deemed that when the data was extrapolated to obtain annualized numbers, the estimates were fair.
- A percentage calculation of the total was used to estimate the detailed breakdown of each different type of notification. It was estimated that 20% of the notifications received in the time period did not meet the new criteria and 25% of the notifications would have been required by the one- business-day regulation.
- Numbers provided by PG&E are for notifications they would provide, while numbers from Energy Safety represents the number of notifications Energy Safety receives. Due to the large number of notifications that fall outside of the criteria and Proposed Regulation language, this calculation assumes the final number of notifications used by Energy Safety is approximate to the number of notifications PG&E may generate.

Table 2.1 – One-Business-Day (Section 29300(a)) Notification Cost Estimates

	Bear Valley	Energy Safety
Number of Notifications per Year (hours for PG&E)	264 ⁸	264
Cost Per Notification (cost per hour for PG&E)	\$53	\$773.96
Annual Costs	\$13,992	\$204,325.44

Table 2.2 – Four-Hour Notification (Section 29300(b)) Cost Estimates

	Bear Valley	Energy Safety
Number of Notifications per Year	8 ⁹	8
Cost Per Notification	\$53 ¹⁰	\$1,459.20
Annual Costs	\$424	\$11,673.60

⁸ Total extrapolated from Table 1.1, Column F.

⁹ Total extrapolated from Table 1.1, Column G.

¹⁰ Bear Valley provided the same cost to respond to Four-Hour Notification as they would need for One-Business-Day.

Table 2.3 – PG&E Notifications (One-Business-Day and Four-Hour) Costs¹¹

	PG&E
Number of Hours for Notification per Year	2,470 hours ¹²
Cost Per Hour	\$190.03 ¹³
Annual Costs	\$469,374.10

Table 2.4 – Summary of Costs Estimates

	Bear Valley	Energy Safety	PG&E
Annual Costs (One-Business-Day Cost + Four-Hour Cost)	\$14,416	\$215,999.04	\$469,374.10

¹¹ PG&E did not differentiate between One-Business-Day or Four-Hour notification costs and provided a total cost that included notifications and investigation reports, the latter of which is no longer in the Proposed Regulation. (See footnote 11.)

¹² PG&E provided data with hours worked on notification per year, rather than number of notifications per year.

¹³ PG&E provided total costs for both notification and a separate reporting requirement that is not in the Proposed Regulation. Hourly costs were derived from the sum provided. See Table 3. Energy Safety assumed the cost per hours for PG&E were equivalent for notification and investigation report.

Table 3 – PG&E Derived Data¹⁴

A	B	C	D	E	F	G	H
Notification (annual hours)	Investigation (annual hours)	Total Costs (prior to additional staffing costs)	Hourly Costs C/(A+B)	Notification Hours as a Percentage of Total Hours A/(A+B)	Investigation Hours as a Percentage of Total Hours B/(A+B)	Additional Staffing Costs for Notification (Total Additional Staffing Cost*E) ¹⁵	Hourly Additional Staffing Costs G/A
2,470	17,304	\$2,462,042	\$124.50 ¹⁶	12.5%	87.5%	\$161,861.75	\$65.53

There are some caveats to the derived numbers that resulted from the calculation of this data:

- PG&E staff costs are the same for notification and investigation reporting.
- Additional staff costs proposed by PG&E are distributed evenly across notification and investigation reporting.
- PG&E’s annual notification hours is for the same or approximately the same number of notifications Energy Safety received.

¹⁴ Notification costs for PG&E may be overestimated as it is derived from the total costs of notification and a separate reporting cost no longer contained in the Proposed Regulation. Given the large difference between PG&E and Bear Valley’s provided estimates, and the uncertainty in PG&E’s notification costs, Energy Safety provided its own estimates as well.

¹⁵ Total Additional Staffing Costs is \$1,294,894, as provided in PG&E’s cost estimates.

¹⁶ Rounding used in this table for ease of calculations.

Table 4.1 – Energy Safety Number of Hours Estimates

	Supervisor/Management Occupation	Engineering	Total
Number of Hours Per One-Business-Day Notification	8	4	12
Number of Hours Per Four-Hour Notification	12	12	24
Hourly Rate	\$71.89 ¹⁷	\$49.71 ¹⁸	

Table 4.2 – Energy Safety Costs Estimates

	Supervisor/Management Occupation	Engineering	Total
Hourly Rate	\$71.89 ¹⁹	\$49.71 ²⁰	
Total Cost Per Occupation per Notification	\$575.12	\$198.84	\$773.96

¹⁷ Source of hourly rate is pulled from U.S. Bureau of Labor Statistics, Occupational Outlook Handbook, 202 Median Pay, available at, <https://www.bls.gov/ooh/management/architectural-and-engineering-managers.htm>.

¹⁸ Source of hourly rate is pulled from U.S. Bureau of Labor Statistics, Occupational Outlook Handbook, 2020 Median Pay, available at, <https://www.bls.gov/ooh/architecture-and-engineering/electrical-and-electronics-engineers.htm>.

¹⁹ Source of hourly rate is pulled from U.S. Bureau of Labor Statistics, Occupational Outlook Handbook, 202 Median Pay, available at, <https://www.bls.gov/ooh/management/architectural-and-engineering-managers.htm>.

²⁰ Source of hourly rate is pulled from U.S. Bureau of Labor Statistics, Occupational Outlook Handbook, 2020 Median Pay, available at, <https://www.bls.gov/ooh/architecture-and-engineering/electrical-and-electronics-engineers.htm>.

(One-Business-Day)			
Total Cost Per Occupation per Notification (Four-Hour)	\$862.68	\$596.52	\$1,459.20
		TOTAL	\$2,233.16

Table 4.3 – Level of Effort in Hours Per Task for Energy Safety Estimates (One-Business-Day Notification)

Task	Occupation Performed By	Number of Hours
<p>Verification of information:</p> <ul style="list-style-type: none"> Data feed received on outage, anomaly, or other incident has occurred in proximity to the utility’s infrastructure. The information is verified by a Senior engineer from the risk and safety department. 	One Senior Engineer from risk safety	2 hrs
<p>Internal communication:</p> <ul style="list-style-type: none"> Senior Engineer communicates incident to Supervisor from risk safety department Supervisor from risk safety department coordinates with emergency response and compliance manger to flag out that a communication statement needs to be issued to Energy Safety 	<p>One Senior Engineer from risk safety</p> <p>One supervisor from risk safety and one supervisor from emergency response</p>	<p>2 hrs</p> <p>4 hrs total (2 hours per supervisor)</p>

<p>Communication to Energy Safety</p> <ul style="list-style-type: none"> Compliance manager reviews and signs off communication to Energy Safety in coordination with energy safety department supervisor 	One compliance manager	2 hrs
	One energy safety department supervisor	2 hrs
		12 hrs

Table 4.4 – Level of Effort in Hours Per Task for Energy Safety Estimates (Four-Hour Notification)

Task	Occupation Performed By	Number of Hours
<p>Verification of information:</p> <ul style="list-style-type: none"> Senior Engineer from Risk and Safety Department identifies there is some anomaly (potential fire) in the infrastructure system- 	<ul style="list-style-type: none"> 1 Senior Engineer from risk and safety department-continuously monitors the incident 	4
<p>Internal communication:</p> <ul style="list-style-type: none"> Senior Engineer communicates incident to risk and safety Supervisor 	<ul style="list-style-type: none"> 3 Supervisors: one from the risk and safety department, one from infrastructure, and one emergency response review incident information (3 supervisors). After reviewing the information, they communicate the incident to the compliance/regulation manager/supervisor. 	6 in total (2 hours per Supervisor)

<ul style="list-style-type: none"> • Risk and safety Supervisor coordinates with other Supervisors departments to flag out that a there is potential fire on infrastructure 	<ul style="list-style-type: none"> • 3 Senior Engineers: one from the risk and safety department, one from infrastructure, and one emergency response review incident information 	<p>8 in total (2.5 hours per senior engineer)</p>
<p>Communication to Energy Safety</p>	<ul style="list-style-type: none"> • Compliance manager signs-off 	<p>2 hours</p>

<ul style="list-style-type: none"> Compliance manager reviews information and coordinates internally with risk and safety department and emergency response supervisors Compliance manager signs off communication to Energy Safety 	<p>communication to Energy Safety</p> <ul style="list-style-type: none"> 2 Supervisors (Risk and safety department and emergency response) 	<p>4 hours in total (2 hours per Supervisor)</p>
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It was assumed that the requirement for notifying Energy Safety within a four-hour time frame is more likely to involve senior managers (individuals with several years of experience and with the authority to sign-off documents on behalf of the company) given the likelihood that the fire incident is associated with the utility's infrastructure increases.

Table 4.5 below shows the total hours per occupation given the assumed tasks above.

Table 4.5 – Level of Effort in Hours per Notification Requirement – Total Per Occupation

	Notification	Notification
	1 Business Day	4-hour
Supervisor/Management Occupation	8	

		12
Engineering	4	12
Total hours	12	24

More information regarding potential costs and benefits of the Proposed Regulation is provided in an attachment to the Economic and Fiscal Impact Statement (STD 399).

Section 29302 Investigations, Notices of Defects and Violations and Referral to the Commission.

(a) The Office may investigate the following:

(1) Whether an approved Wildfire Mitigation Plan was followed;

(2) Whether failure to follow the Wildfire Mitigation Plan contributed to an ignition;

(3) Whether the regulated entity is noncompliant with its duties and responsibilities or has otherwise committed violations of any laws, regulations, or guidelines within the authority of the Office; and

(4) Other related investigations within the authority of the Office, as requested by the Director.

(b) Based on the findings of any investigation, the Office may issue any of the following:

(1) Notice of defect, identifying a deficiency, error, or condition increasing the risk of ignition posed by electrical lines and equipment requiring correction; or

(2) Notice of violation, identifying non-compliance with an approved Wildfire Mitigation Plan or any law, regulation, or guideline within the authority of the Office.

Section 29302 of the Proposed Regulation establishes the scope for Energy Safety investigations and provide definitions for notice of defect and notice of violation. Energy Safety does not anticipate increased cost impacts for businesses or individuals as a result of section 29302.

Creation or Elimination of Jobs Within California

Section 29300 will not result in the creation or elimination of jobs within the State of California. The notification only affects eight (8) regulated entities. The number of notifications generated by each utility is unlikely to be sufficient enough to generate jobs.

Energy Safety does not anticipate that Section 29302 will result in the creation or elimination of jobs within California.

Creation of New Business, Elimination of Existing Business, or the Expansion of Business in California

Energy Safety does not anticipate that any business in California will be created, eliminated, or expanded because of any financial impact of the Proposed Rulemaking for both Section 29300 and Section 29302.

Benefits to Health and Welfare, Worker Safety, and the Environment

The primary goal of the Proposed Regulation is to ensure better wildfire safety with respect to regulated entities by ensuring better compliance through clearer parameters for data submission, investigation scope, and notice definitions. By providing clear directives to regulated entities, Energy Safety sets in motion its process to ensure regulated entities complies with applicable law, regulations, and guidelines. This will reduce future chances of wildfires from regulated entities' infrastructure, and provide a safer and healthier environment to California residents and wildlife with fewer wildfires. Less wildfires will also benefit California workers, consumers, employers, and the environment.

Consideration of Reasonable Alternatives

The Proposed Regulation provide clarity to notification requirements and investigation scope, and defines notice of defect and notice of violation as part of its efforts to ensure compliance with applicable law, regulations, and guidelines to promote wildfire safety with regulated entities.

Government Code section 11346.2, subdivision (b)(4) requires Energy Safety to consider and evaluate reasonable alternatives to the proposed regulatory action and provide reasons for rejecting those alternatives. This section discusses alternatives evaluated and provides reasons why these

alternatives were not included in the proposal. As explained below, no alternative proposed was found to be less burdensome or less costly and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the authorizing law. Energy Safety has not identified reasonable alternatives that would lessen any adverse impact on small businesses because the Proposed Regulation will affect the aforementioned eight (8) regulated entities.

Section 29300(a), (c) and (d)

Alternative 1 (Proposed Regulation Section 29300(a), (c), (d)): requires a regulated entity to notify Energy Safety within one business day after the regulated entity knows, or has reason to know, with respect to a fire requiring a response from a fire suppression agency, when: (1) A fault, outage, or other anomaly has occurred on infrastructure that it owns or operates within six hours of the start of the fire; and (2) The infrastructure with the fault, outage, or anomaly is within one mile of either the origin of the fire or perimeter of the fire at the time of the notification, whichever is known and closest.

Defines “anomaly” to mean an unplanned condition outside of normal operating parameters of a power grid that does not result in a fault or an outage. Defines “start of the fire” to mean when a regulated entity knows, or has reason to know, of the fire.

This is the chosen alternative, because it is the only alternative effective in achieving the purpose of the regulation.

Alternative 2: requires a regulated entity to notify Energy Safety, with respect to a fire requiring a response from a fire suppression agency, when a fault, outage, or other anomaly has occurred on its infrastructure.

Alternative 3: no regulation.

Consideration of Alternatives: The authorizing statutes allow Energy Safety to request information and data, including monitoring, verification of every regulated entity and any business that is a subsidiary or affiliate of a regulated entity with respect to or that may influence any matter concerning wildfire safety.

If Alternative 2 was chosen, Energy Safety would,

- Receive untimely data because there is no requirement on when a regulated entity needs to provide such data. While Alternative 2 is less burdensome for the regulated entities in terms of having no timeframe, untimely data provided long after a fault, outage, or anomaly has occurred, or after a fire is over, would deprive Energy Safety of the opportunity to look into other issues, or request additional data from a regulated entity in real time. This missed opportunity may result in less efficient compliance enforcement and slow down Energy Safety’s mission to advance long-term utility wildfire safety by developing data-driven, comprehensive utility wildfire mitigation evaluation and compliance criteria.
- Receive an overwhelming amount of data due to ambiguity with what “anomaly” entails and no limit to the scope of requested data. This approach would bury the data Energy Safety needs in a voluminous response, and be less effective in terms of allowing Energy Safety to find and study data that would assist with its evaluation of the types of events that Wildfire Mitigation Plans are intended to prevent.

If Alternative 3 was chosen, Energy Safety would not receive data to assist with its evaluation of the types of events that Wildfire Mitigation Plans are intended to prevent. While Alternative 3 is less burdensome and less costly, Energy Safety would not be able to advance its mission to promote wildfire safety.

Therefore, to adequately promote wildfire safety and protect California’s people and environment from deadly wildfires, Energy Safety chose Alternative 1 that balances its need for the data, the purpose of the data, and timeliness.

Section 29300(b)

Alternative 1 (Proposed Regulation section 29300(b)): requires a regulated entity to notify Energy Safety within four-hours after it knows, or has reason to know, that either (1) infrastructure owned or operated by the regulated entity might have started a fire requiring a response from a fire suppression agency, or (2) a government entity is investigating whether infrastructure owned or operated by the regulated entity caused a fire.

This is the chosen alternative, because it is the only alternative effective in achieving the purpose of the regulation.

Alternative 2: requires a regulated entity to notify Energy Safety when (1) infrastructure owned or operated by the regulated entity might have started a fire requiring a response from a fire suppression agency, or (2) a government entity is investigating whether infrastructure owned or operated by the regulated entity caused a fire.

Alternative 3: no regulation.

Consideration of alternatives: The authorizing statutes allow Energy Safety to request information and data, including monitoring, verification of every regulated entity and any business that is a subsidiary or affiliate of a regulated entity with respect to or that may influence any matter concerning wildfire safety.

If Alternative 2 was chosen, Energy Safety would receive untimely data because there is no requirement on when a regulated entity needs to provide such data. While Alternative 2 is less burdensome in terms of having no timeframe, untimely data provided long after a fault, outage, or anomaly has occurred, or after a fire is over, would deprive Energy Safety of the opportunity to look into other issues, or request additional data from a regulated entity in real time. This missed opportunity may result in less efficient compliance enforcement and slow down Energy Safety's mission to advance long-term utility wildfire safety by developing data-driven, comprehensive utility wildfire mitigation evaluation and compliance criteria.

If Alternative 3 was chosen, Energy Safety would not receive data to assist with its evaluation of the types of events that Wildfire Mitigation Plans are intended to prevent. While Alternative 3 is less burdensome and less costly, Energy Safety would not be able to advance its mission to promote wildfire safety.

Therefore, to adequately promote wildfire safety and protect California's people and environment from deadly wildfires, Energy Safety chose Alternative 1 that balances its need for the data, the purpose of the data, and timeliness.

Section 29302(a)

Alternative 1 (Proposed Regulation section 29302(a)): Energy Safety may investigate, (1) whether an approved Wildfire Mitigation Plan was followed; (2) whether failure to follow the Wildfire Mitigation Plan contributed to an ignition; (3) whether the regulated entity is noncompliant with its duties and responsibilities or has otherwise committed violations of any laws, regulations, or guidelines within the authority of Energy Safety; and (4) other related investigations within the authority of Energy Safety, as requested by the Director.

This is the chosen alternative, because it is the only alternative effective in achieving the purpose of the regulation.

Alternative 2: Energy Safety may investigate work related to wildfire mitigation or Wildfire Mitigation Plan.

Alternative 3: no regulation.

If Alternative 2 or Alternative 3 was chosen, there would be ambiguity in what Energy Safety will investigate. A lack of clarity in the scope of investigation will cause confusion among the regulated entity and dispute will arise during Energy Safety's investigations as to the appropriateness of the topic of investigation. For Alternative 2, if chosen, there is also an additional problem of unnecessarily limiting Energy Safety's scope of investigation and allowing for missed opportunities in compliance enforcement. Choosing either Alternative 2 or Alternative 3 will slow down the compliance enforcement process, or cause delay and limit approaches in Energy Safety's mission to promote wildfire safety and protect California's people and environment from deadly wildfires that may result from regulated entities' infrastructure.

Therefore, Energy Safety chose Alternative 1 to further its mission as provided in its authorizing statutes.

Section 29302(b)

Alternative 1 (Proposed Regulation section 29302(b)): Based on the findings of any investigation, Energy Safety may issue any of the following: (1) Notice of defect, identifying a deficiency, error, or condition increasing the risk of ignition posed by electrical lines and equipment

requiring correction; or (2) Notice of violation identifies non-compliance with an approved Wildfire Mitigation Plan or any law, regulation, or guideline within the authority of Energy Safety.

This is the chosen alternative, because it is the only alternative effective in achieving the purpose of the regulation.

Alternative 2: Based on the findings of any investigation, Energy Safety may issue a notice of defect, or a notice of violation.

Alternative 3: no regulation.

Consideration of alternatives: If Alternative 2 or Alternative 3 was chosen, there would be ambiguity in either what notice of defect and notice of violation constitute and mean, or what would result from an investigation. Clarity in what would result from an investigation, and what notice of defect and notice of violation entail will assist regulated entities in remediating their deficiency, error, condition, or violation promptly and efficiently. This will promote better wildfire safety, which in turn will protect California's people and environment from deadly wildfires that may result from regulated entities' infrastructure.

Duplication or Conflict with Federal Law

The Proposed Regulation set forth notification criteria and process, clarifies investigation scope, and defines notice of defect and notice of violation that may result from an investigation. The Proposed Regulation do not duplicate or conflict with federal law or regulation.