



## Overview of Draft Energy Safety Guidelines for Electrical Undergrounding Plans

Senate Bill 884 (McGuire; Stats. 2022, Ch. 819) directed that an expedited utility distribution infrastructure underground program be established. The California Public Utilities Commission (CPUC) established the program on March 7, 2024. The program allows large electrical corporations (250,000 or more accounts) to submit 10-year plans for electrical undergrounding to the Office of Energy Infrastructure Safety (Energy Safety) for review and approval. If the plan is approved, the large electrical corporation must then submit an application to the CPUC for cost-related approvals.

The Draft Energy Safety Guidelines are structured to:

- Maximize Flexibility for the Electrical Corporation, While Ensuring Rigorous Decision-Making
- Promote Data-Driven, Transparent Project Selection
- Track Trends for Risk Reduction and Reliability Increase and Ensure Accountability

### Background: Public Utilities Code section 8388.5

The program allows a large electrical corporation to submit a 10-year Electrical Undergrounding Plan for distribution infrastructure in Wildfire Rebuild Areas and Tier 2 and 3 High Fire-Threat Districts. If an EUP is submitted, Energy Safety has nine months for review. If the EUP is approved, the large electrical corporation must submit it to the CPUC within 60 days as part of an application. The CPUC then has nine months to resolve the application.

The adopted EUP will include a “Portfolio Mitigation Objective” that satisfies the statutory requirement that the plan demonstrates it, “will substantially increase electrical reliability by reducing the use of public safety power shut offs (PSPS), enhanced power safety settings, deenergization events, and any other outage programs, and substantially reduce the risk of wildfire” (section 8388.5(d)(2)).

The EUP must contain a means of prioritizing undergrounding projects based upon wildfire risk reduction, public safety, cost efficiency and reliability benefits; project timelines; a comparison of undergrounding to aboveground hardening options; an evaluation of project costs; and a workforce development plan.

### Draft Guidelines and Energy Safety Objectives

Energy Safety is tasked with evaluating whether the plan, as a whole, will meet the Portfolio Mitigation Objective which includes both decreased risk of wildfire and increased reliability through reduced use of PSPS and other outage programs. To that end, Energy Safety drafted proposed guidelines that address the following objectives:

### **Maximize Flexibility for Electrical Corporation, While Ensuring Rigorous Decision-Making**

- The large electrical corporation will have the flexibility to update its risk models, cost forecasts and technologies over the course of the 10-year period without having to submit a new plan. This flexibility does not affect the rigor of project selection because the EUP contains a rigorous standard that applies throughout the 10-year period.
- The EUP's Portfolio Mitigation Objective applies to total risk reduction over the 10-year period. Even if projects are added to or removed from the portfolio based on new information, the large electrical corporation must still meet the risk reduction goal in the approved EUP.

### **Promote Data-Driven, Transparent Project Selection**

- The Draft Guidelines require a plan for rigorous, data-driven decision-making. For example, the large electrical corporation must evaluate the efficacy of each Undergrounding Project using metrics that assess the risk reduction of undergrounding compared to alternative mitigation strategies.
- The Draft Guidelines require that the large electrical corporation create and adhere to four project selection screens, each of which require a transparent selection process and clear rationale.

### **Track Trends for Risk Reduction and Reliability Increase and Ensure Accountability**

- The data and modeling requirements will enable verification, monitoring, and tracking of the EUP goals and objectives over the course of 10 years.

## **Key Elements of Energy Safety EUP Draft Guidelines**

1. **Data-Driven Risk Reduction Objective:** The large electrical corporation must use advanced data and modeling to set risk reduction and mitigation levels in its EUP that will achieve substantial reduction of wildfire risk and substantial increase in reliability through reduction in wildfire outage program events. The Energy Safety Draft Guidelines require the large electrical corporation to:
  - Set a baseline and standards using key metrics to measure expected changes.
  - Document updates to risk models over time and retain prior model versions.
2. **Project Acceptance Framework:** The large electrical corporation is required to establish a multi-step process that can be applied repeatedly during the EUP term to determine which circuit segments merit treatment as undergrounding projects. This is done through a series of four sequential screens. First, the circuit segment must be high risk, such that undergrounding would result in substantial reduction of risk. Second, there must be sufficient information about the circuit segment to perform a cost benefit ratio analysis (as per CPUC Decision 22-12-027). Third, the individual undergrounding project must be shown to contribute to an overall portfolio-wide reduction of risk (the Portfolio Mitigation Standard). In the final screen, projects are prioritized based upon wildfire risk reduction, public safety, cost efficiency and reliability benefits (as per section 8388.5(c)(2)).

3. **Progress Report 0:** The large electrical corporation must include a report prototype that will be used to create a robust program for accountability, transparency, and continued improvement during the 10-year program. Progress Report 0 and future Progress Reports will include: a Portfolio Coversheet to monitor overall progress for all projects; Project Information Sheets to understand and track individual circuits segments; and Circuit Segment Information Lists to understand the context and impact of the program and projects. All of these components will be updated in future Progress Reports.

## Next Steps

The Draft Electrical Undergrounding Plan Guidelines contain Energy Safety's proposed direction to large electrical corporations regarding the procedural and substantive requirements for an Electrical Undergrounding Plan. Following release of the draft EUP Guidelines, Energy Safety will hold a workshop to present an overview of the Draft Guidelines.

Energy Safety will host a workshop on May 15, 2024, from 1 p.m. to 4 p.m. to present an overview of the Draft Guidelines. A second workshop will be held on May 22, 2024, from 1 p.m. to 2 p.m. to address stakeholder questions. Stakeholders may submit comments by May 29, 2024, and reply comments by June 10, 2024. Energy Safety will then finalize and adopt the Guidelines.