

Southern California Edison
2023-WMPs – 2023-WMPs

DATA REQUEST SET O E I S - P - W M P - 2 0 2 3 - S C E - 0 0 2

To: Energy Safety
Prepared by: Gary Cheng
Job Title: Sr. Advisor
Received Date: 5/8/2023

Response Date: 5/11/2023

Question 05:

"Regarding RSE (Risk Buy-down) Information Required by the WMP Guidelines

The 2023-2025 Wildfire Mitigation Plan Technical Guidelines (Guidelines) make specific requests for RSE, optimization of risk reduction and cost, and prioritization decisions:

7.1.4.1 Identifying and Evaluating Mitigation Initiatives

- The procedures for identifying and evaluating mitigation initiatives (comparable to 2018 S-MAP Settlement Agreement, row 26), including the use of risk buy-down estimates (e.g., risk-spend efficiency) and evaluating the benefits and drawbacks of mitigations.

7.1.4.2 Mitigation Initiative Prioritization

- Explain how the electrical corporation is optimizing its resources to maximize risk reduction. Describe how the proposed initiatives are an efficient use of electrical corporation resources and focus on achieving the greatest risk reduction with the most efficient use of funds and workforce resources [...]

The electrical corporation must describe how it prioritizes mitigation initiatives to reduce both wildfire and PSPS risk. This discussion must include the following:

- A high-level schematic showing the procedures and evaluation criteria used to evaluate potential mitigation initiatives. At a minimum, the schematic must demonstrate the roles of quantitative risk assessment, resource

a. The current detail provided does not allow an evaluator to reconcile content from Section 7 and it is also missing important components of RSE. In particular, a detailed description of RSE (the risk buy-down process) is needed to reconcile with the information provided in tables 8-1 and 7-4. Please provide the following information in MS Word or MS Excel, as appropriate:

i. RSE (Risk buy-down) information in a new RSE table as follows, ranked in descending order of RSE.

Mitigation (column "applicable initiatives", Table 8-1)	Initiative Tracking ID I	WMP Category	Circuit Segments Impacted	Estimated Risk Reduction	Estimated Cost	RSE:(Risk Reduction/Cost)

ii. Update Table 7.4 to cross-reference the new RSE table (above). This can be completed by adding an index number to each Mitigation Initiative, where the index number is the RSE rank of the initiative from the RSE table.

iii. Add a narrative explanation of how the RSE table informed the mitigation decisions, in particular where lower ranked RSE mitigations were approved over higher ranked ones.

Response to Question 05:

- i) Please see attachment “OEIS-2023-SCE-002-Q5i.xlsx”
- ii) Please see attachment “OEIS-2023-SCE-002-Q5ii.xlsx”. Note that this version of Table 7-4 reflects the corrections SCE submitted to OEIS on April 6, 2023.
- iii) SCE selects mitigation projects pursuant to the approach described in Section 7.1.4 (Mitigation Selection Process) of its 2023-2025 WMP. In this section, SCE describes how Risk Spend Efficiency (RSE) scoring and analysis serves as one of a number of factors (examples include Risk Drivers Mitigated, Cost to Customers, Inconvenience to Customers, Operational Feasibility/Lead Time to Deploy, Resource Availability, Technology Maturity, and Compliance Requirements/Regulatory Guidance) that are incorporated in the risk informed decision-making process. SCE does not solely justify projects based on a pre-determined lower or higher ranked RSEs.

SCE carefully considers each factor both individually and in the aggregate in order to make sound and informed decisions. A given factor may not have a uniform level of importance or impact in all situations. As an example, if an initiative is required pursuant to a regulation, standard, code or other authority, then meeting and adhering to compliance requirements would be a decisive factor in SCE’s ultimate determination.

RSEs help SCE evaluate the relative cost-effectiveness of potential initiatives, but it is necessary for SCE to develop a comprehensive wildfire risk mitigation plan that considers all constraints. RSEs do not take into account certain operational realities, such as resource constraints, compliance issues, or service disruptions. Relying solely on RSEs could lead to significant parts of the system and potentially significant risk issues being left unaddressed. Indeed, the Commission’s Safety and Enforcement Division (SED) noted that focusing solely on RSEs in selecting mitigations could be “suboptimal from an aggregate risk portfolio standpoint.”¹ SED further acknowledged that “mitigations are usually selected based on the highest risk spend efficiency score unless there may be some identified resource constraints, compliance constraints, or operational constraints that may favor another candidate measure with a lower RSE.” SCE agrees with this characterization. An initiative with a relatively higher RSE is generally favorable to one with a relatively lower RSE. However, when an initiative has a relatively lower RSE, it could still be selected if, for example, it can be deployed quickly (e.g., critical care battery backup program to medical baseline customers affected by PSPS), addresses a particular risk driver that other mitigations do not (e.g., aerial inspections), or reduces overall risk even if it costs more (e.g., targeted undergrounding).

¹ California Public Utilities Commission, Risk and Safety Aspects of Risk Assessment and Mitigation Phase Report of Pacific Gas and Electric Company, Investigation 17-11-003 (March 30, 2018), page 18