



Wildfire Impacts on the Electricity Sector

In recent years, California has witnessed several of the largest, most deadly, and most destructive wildfires in the State's history. As the increasing risk of catastrophic wildfires threatens our lands, California must take a comprehensive approach to improving our state's wildfire prevention, disaster preparedness, and emergency response. Northern California Power Agency's (NCPA) 16 members are committed to providing safe, reliable, and affordable electric service to their communities. Our members are diligently working to adapt their practices to the changing conditions of our climate, and are committed to partnering with federal, state, and local agencies to develop solutions addressing this important issue.

Wildfires Undermine the State's Climate Programs

Wildfires are becoming increasingly devastating, and continue to affect our air quality, public health and safety, and economy. Greenhouse gas (GHG) emissions from wildfires have undermined the significant efforts and resources that the electric utility industry, and the economy as a whole, have put into reducing greenhouse gas emissions.

For perspective, analysis from the U.S. Geological Survey estimates that the 2018 California wildfire season resulted in approximately 68 million metric tons of carbon emissions, which is roughly similar to the total emissions from the electric generation sector for powering the entire state. According to CAL FIRE's Forest Carbon Plan, carbon emissions from wildfires are expected to increase without changes to forest management practices.

Furthermore, wildfires produce hundreds of thousands of fire-ravaged acres of runoff each year, with the sediment from the fires finding its way into the various reservoirs that make up California's extensive system of hydroelectric

resources. This can reduce carbon-free hydroelectric generating capacity that provides critical operational flexibility to a grid that is increasingly more reliant on intermittent renewable resources such as solar and wind.

The Need for Further Action

Legislation passed in previous years has paved the way for additional actions to protect against the risks associated with wildfires. Senate Bill 1028 (Chapter 598, Statutes of 2016) required utilities to assess the potential for fire risks in their service areas and, upon a determination of significant risk, take action by developing wildfire mitigation plans. Building upon this concept, Senate Bill 901 (Chapter 626, Statutes of 2018) was one of several bills passed last year taking another important, but preliminary, step by requiring all utilities to develop wildfire mitigation plans.

Effective Forest Management

While increased utility mitigation efforts are an integral part of the solution, so too is effective forest management. NCPA supports recent announcements from the State Board of Forestry and Fire Protection and CAL FIRE

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regarding plans to increase vegetation treatment projects. Forest management, fuel treatment, and biomass energy policies could, if designed appropriately, improve forest health, help reduce short-lived climate pollutants and emissions associated with wildfires, support the development of the biomass industry, and protect other critical infrastructure in the state.

Utility Liability and Insurance

NCPA is encouraged by the recent appointment of all five members to the Catastrophic Commission on Wildfire Cost and Recovery. This Commission will have a critical role in examining how liability should be apportioned in instances where utility infrastructure is involved with a wildfire. Historically, state law has viewed utilities to be liable for damages linked to wildfires, even if the utility was not at fault or negligent in its practices. Thus, a utility's potential financial exposure can reach far beyond the ability of its customers to shoulder the financial burden. This exposure can be particularly problematic for smaller utilities that may suffer from catastrophic wildfires, as those utilities do not have a large customer base across which to socialize the cost of damages. Because POUs do not have shareholders, any

uninsured costs borne by POUs must be passed directly through to their customers.

Furthermore, the potential financial risks resulting from this liability standard have led to increasing difficulty for utilities in accessing affordable and effective insurance coverage.

NCPA supports policies and funding mechanisms that strengthen forest management and fire prevention activities, improve emergency preparedness and response, and evaluate potential options for addressing how the cost of damages associated with these catastrophic events can be socialized. At the same time, utilities must continue to bolster their efforts to mitigate risks to the greatest extent possible.

Public Utility Mitigation Efforts Underway

As local government entities, NCPA members are uniquely positioned to closely coordinate with other city departments on emergency planning and response. Today, NCPA and our members already implement policies and practices that promote safety and reduce the risk of fires. NCPA offers its members a venue for sharing best practices related to wildfire mitigation and response and discussing lessons learned.

From evaluating the use of insulated wiring and assessing the feasibility of "undergrounding" utility infrastructure in fire prone areas to conducting regular visual inspections of equipment to inform vegetation management practices, NCPA members continue to make operational and maintenance decisions with a focus on public safety.