



Reducing Wildfire Risk in Local Communities

Wildfires continue to adversely impact public health and safety, air quality, and the economy, undermining significant investments in emissions reduction. While progress has been made toward addressing wildfire risk, California must continue to take a comprehensive approach to improve wildfire prevention and mitigation, disaster preparedness, and emergency response. The Northern California Power Agency's (NCPA) 16 members are dedicated to providing safe, reliable, and affordable electric service to their communities and are diligently working to adapt their practices to the changing conditions of our climate. We are committed to partnering with federal, state, and local agencies to develop solutions addressing this important issue.

As local government entities, NCPA members are uniquely positioned to coordinate closely with other city departments on emergency planning and response. Through public review processes, NCPA and our members have prepared wildfire mitigation plans that promote safety and reduce the risk of fires near electrical utility infrastructure. NCPA offers its members a venue for sharing best practices related to wildfire mitigation and response and discussing lessons learned. From evaluating opportunities to harden utility infrastructure in fire-prone areas to increasing investments in vegetation management, NCPA members continue to make operational and maintenance decisions with a focus on public safety and reliability.

Improving Coordination on Public Safety Power Shut-offs to Limit Impacts to Local Communities

The increasing use of Public Safety Power Shut-offs (PSPS) as a mitigation measure underscores the need for improved and pre-planned coordination between our state's investor-owned utilities (IOUs) and local communities

that recognizes the unique characteristics of those communities. NCPA and many of its members rely on PG&E's transmission infrastructure to deliver power to California communities. Given this relationship, PSPS

events that result in transmission-level outages can have a tremendous impact on both NCPA and our member communities.

The Legislature acknowledged this issue last year and took important steps toward improving communication processes (via SB 560 and related

bills). Even so, further planned coordination between the IOUs and local governments is needed to ensure that transmission-level PSPS events do not unnecessarily burden local communities, particularly those with publicly-owned utilities (POUs) that are dependent on IOU transmission infrastructure.

Supporting the Provision of Additional Resources for Forest Management, Fire Prevention, and Emergency Response

Through legislation and budget appropriations, the Governor and Legislature have increased the

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State's focus on forest management, wildfire prevention, and emergency response. A heightened focus on these areas is critical to reducing the risks associated with wildfires and ensuring that Californians are prepared for disasters when they occur. Additional funding and resources are needed to expand upon the value of policymakers' previous actions.

If designed appropriately, forest management, fuels treatment, and biomass energy policies could improve forest health, help reduce short-lived climate pollutants and emissions associated with wildfires, support the development of the woody biomass industry, and protect critical infrastructure. NCPA supports the use of such policies as helpful measures for reducing wildfire impacts and achieving long-term economic benefits while also supporting other state policy objectives (such as renewable energy procurement).

Seeking Reforms to the State's Wildfire Liability Regime

NCPA supports efforts to align wildfire-related liability with fault, safeguarding public utility customers against exorbitant rate increases when their utility acts prudently.

Past interpretations of state law have asserted that electric utilities are liable for damages linked to wildfires if their equipment is involved in the fire, 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 they do not have a large customer base across which

to socialize the cost of damages. Without shareholders to be held accountable, a POU's customers bear the burden of any uninsured costs for which the utility is liable.

Unfortunately, the potential financial risks resulting from this liability standard have made it more difficult for electric utilities to access affordable and effective insurance coverage. NCPA and its members are doing their part to reduce the risk of wildfires through implementation of proactive mitigation measures. However, absent changes in forest management practices, fuels treatment, and reconsideration of the application of strict liability

standard in the wildfire context, this challenge will likely continue.

NCPA recognizes that a change in the liability standard

must be preceded by increased utility mitigation efforts. Our member utilities and their governing boards are committed to ensuring the safety of their communities and are continually assessing opportunities to improve upon their mitigation policies and practices. We stand ready to partner with the Governor, Legislature, and state agencies to develop solutions that create a more equitable solution for the recovery of costs associated with wildfire liability.

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