

R.20-07-013, Phase 3, Workshop #3: Pre-Workshop Planning Questions

August 23, 2023

Climate Change

Description of the Issue:

In 2021, Commission Staff recommended the Commission consider the need for more explicit guidance on how climate change related risks should be incorporated into the Risk-Based Decision-Making Framework (RDF) adopted in Decision (D.)18-12-014.¹ The Commission, in D.21-11-009, concurred that the issue of climate change impacts, risks and mitigation measures is worthy of consideration in this proceeding.² Due to the number of pressing priorities in this proceeding, however, addressing the potential need for more explicit guidance on climate change has not yet occurred.

The Phase 3 Roadmap proposal observed that as a baseline issue, D.18-12-014, as modified by D.22-12-027, does not provide explicit guidance for how IOUs should reflect climate hazards in their RAMP filings. By climate hazards, here, we mean changes in the historical frequency, extent or variability of wildfires, flooding, precipitation, cascading events and sea level rise that are expected to occur in the future, and that are already occurring, as a result of climate change.³ D.20-08-046, adopted in Rulemaking (R.)18-04019, addresses climate adaptation planning and ordered the Investor-Owned Utilities (IOU) to prepare Climate Adaptation Vulnerability Assessments (CAVAs), amongst other actions. To ensure consistency with R.18-04-019, development of any additional guidance regarding addressing climate hazards within the RDF must consider experience with the CAVAs ordered in D.20-08-046.

Staff have observed that the IOUs, until now, have primarily addressed climate change in their RAMP filings as a cross-cutting issue and via qualitative assessments of risks.⁴ Phase 3 work in this area will consider, amongst other questions, whether analyses or results from the IOUs' CAVAs should inform quantitative risk modelling of climate hazards using the RDF. Discussions will also consider more generally how climate hazards should be reflected in Risk Assessment and Mitigation Phase (RAMP) filings. To facilitate cross-proceeding coordination, we will on September 13, 2023 convene a joint workshop on the topic of climate change modeling considerations with R.18-04-019.

We defer questions regarding the potential role of discount rates to reflect the long-term accrual of benefits from mitigation investments intended to address climate hazards manifesting over longer time scales (*i.e.*, 20-50 years) to Phase 4 of this proceeding following the more general consideration of discount rates planned for workshop #5 in Phase 3.

Planning Questions:

1. Should the Commission modify the RDF to ensure that climate hazards or risks are properly accounted for within the risk models in the IOU's RAMP filings? If so, what language in the RDF, including potential definitions, should be modified?

¹ Administrative Law Judge's Ruling providing Staff recommendations for comment (June 4, 2021), "Appendix A: Staff Recommendations on Phase 1 Track 1," at 23 - 29.

² D.21-11-009 at 44.

³ See D.20-08-046, Ordering Paragraph 9.11 for a list of the climate hazards that the IOUs are required to consider in the Climate Adaptation and Vulnerability Assessments ordered in that decision.

⁴ Phase 3 Roadmap proposal at 2.

2. What is a process utilities can undertake to identify whether or not future climate hazard conditions will have a meaningful impact on risk scores and warrant additional research and analysis to inform risk models? Should the Commission direct utilities to undertake such a process? On what timeline?
3. Do climate hazards pose any additional risks that may not yet be included in Enterprise Risk Registries? If yes, what risks?
4. Should and, if so, how should climate data be incorporated into risk models and IOU RAMP filings? What criteria should be considered for determining if including climate data in risk models is needed?
5. Should inputs into the CAVAs (climate data or projections) or CAVA results (e.g., assets identified as vulnerable or potential adaptation options), or both, be used as inputs into risk models found in IOU RAMP filings?
6. Should and, if so, how should climate data, models or projections, including inputs into the CAVA or CAVA results, be used to affect the calculation of Likelihood of Risk Event or Consequence of Risk Event in IOU RAMP filings?
7. What is the relationship between near-term, RAMP-driven investments and long-term adaptation benefits? What existing methodologies exist for quantifying the “climate adaptation value⁵” of a RAMP-driven investment?
8. Which long-term climate-related investments⁶ also serve to mitigate near-term risk, if any? Should and, if so, how should the near-term risk reduction benefit of a climate-related investment be quantified for inclusion in IOU RAMP filings?
9. What methodologies and approaches to using different climate data sets can allow utilities to evaluate a range of potential future weather patterns, including the evaluation of lower probability, high-impact conditions that could have implications for risk events described in RAMP filings?
10. Are there other steps the utilities and/or the Commission should take to ensure appropriate modeling of climate change and communication of associated uncertainties in IOU RAMP and general rate case filings?
11. As knowledge and information regarding climate change science and modelling improves in coming years, how should the Commission support utilities’ use of the best techniques and data to inform climate change modeling and related mitigation proposals?

⁵ This refers to the benefits from RAMP-driven investments that extend beyond the near-term and have a benefit for future climate hazards.

⁶ Climate-related investments refer to projects identified in an IOU’s previous general rate case or other cost recovery venues that serve to offset the impacts of climate hazards over a certain length of time.