

Rulemaking (R.) 20-07-013: Phase II

Technical Working Group Meeting #2

May 20, 2022

10:00 AM - 4:00 PM



California Public
Utilities Commission

| AGENDA ITEM | TIME |
|--|---------------------|
| Introductions, Purpose, and Expected Outcomes | 10:00 – 10:15am |
| Party Comments Regarding “MAVF 2”[*] Recommendation | 10:15 – 11:00 am |
| Break | 11:00 – 11:15 am |
| Block 1: Discussion of “MAVF 2”[*]: Standards for Monetization of <u>Safety</u> Consequences | 11:15 am – 12:00 pm |
| Lunch | 12:00 – 1:00 pm |
| Block 2: Discussion of “MAVF 2”[*]: Standards for Monetization of <u>Safety</u> and/or <u>Reliability</u> Consequences | 1:00 – 2:00 pm |
| Break | 2:00 – 2:15 pm |
| Block 3: Discussion of “MAVF 2”[*]: Standards for Monetization of <u>Reliability</u> Consequences | 2:15 – 3:15 pm |
| Joint IOU’s Proposed Phase II Process | 3:15 – 3:30 pm |
| CPUC Close | 3:30 – 4:00 pm |

PURPOSE & EXPECTED OUTCOMES OF THE WORKSHOP

Purpose of Meeting & Expected Outcomes

Purpose:

The purpose of this Technical Working Group (TWG) session is to develop the details of implementation for the Level 4 Recommendation identified as “MAVF 2,” which states, “With input from the parties involved, the CPUC should adopt a standard set of parameters/formulas to monetize risk consequences, using standard values from other government agencies or industry sources where possible.”

Expected Outcome:

TWG attendees will identify and discuss the merits of a standard set of parameters and formulas to monetize risk consequences, using standard values from other government agencies or industry sources where possible.

Related Scoping Memo Issues

Scoping Memo Issue #2:

Should the Commission consider revising or refining the RDF methodology for valuing services, mitigations and/or impacts (such as those related to reliability or safety)? If so, should the Commission consider:

- (a) defining and requiring use of a consistent value of statistical life (VSL);
- (b) whether the dollar value of attributes should be explicitly addressed; and
- (c) the valuation of the costs and impacts of public safety power shutoff (PSPS) events as both risks and risk mitigations?

Related Scoping Memo Issues

Scoping Memo Issue #3:

Should the Commission consider refining or revising the methodology adopted in D.18-12-014 regarding weighting of risk categories and/or the replacement of weights and ranges with direct trade-off values of services and impacts?

RASA Staff's Concerns

- In RAMPs, the MAVF has produced unreasonable safety consequence values
 - Implied VSL = \$100 million per equiv. fatality
 - Implied value of electric customer outages may not be reasonable
- Assigning weights to the natural units can skew the risk magnitude, inflate RSE
- RSE and Risk Scores are difficult to interpret in the GRC and WMPs
 - Cost-Benefit Ratio is easier to understand

Break

11:00 – 11:15 am

Standards for Monetization of Safety Consequences

- What are the agency or industry sources that can provide a standard for monetization of safety consequences?
- Are those standards periodically adjusted for inflation, etc?
- What would use of those standards look like for risk quantification?,
What is the downstream impact?

Lunch

12:00 – 1:00 pm

Standards for Monetization of Reliability Consequences

- What is the minimum standard set of inputs needed to monetize reliability consequences?
- Are there standard industry models for monetizing service outages?
- How should inputs distinguish between Customer Minutes Interrupted for categories such as residential, commercial, health care, etc.

Standards for Monetization of Reliability Consequences (cont.)

- Should each utility determine their own dollar values for service interruption times?
- How should the inputs be modified for varying customer impact with length of the outage?
- What additional company-specific inputs beyond the standard set are anticipated?
- How would the use of a standard monetization model affect risk quantification? What is the downstream impact?

Break

2:00 – 2:15 pm

Joint IOU's Proposed Phase II Process

CPUC Close