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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider  
Strategies and Guidance for Climate  
Change Adaptation.

Rulemaking 18-04-019

**ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

This scoping memo and ruling sets forth the category, issues, need for hearing, schedule, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

**1. Procedural Background**

On May 7, 2018, the Commission issued this Order Instituting Rulemaking (OIR) to consider strategies to integrate climate change adaptation planning in relevant Commission proceedings and other activities. As the OIR states, climate adaptation planning in a time of worsening climate impacts is a prudent next step to ensure the safety and reliability of all investor-owned public utilities. The following parties filed written comments on June 6, 2018: Green Power Institute, Communities for a Better Environment, Asian Pacific Environmental Network, Bioenergy Association of California, Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, The Utility Reform Network, Public Advocates Office

of the Public Utilities Commission,<sup>1</sup> Climate Resolve, Small Business Utility Advocates, the California Association of Small and Multi-Jurisdictional Utilities, Independent Storage Providers, Independent Energy Producers Association, Southwest Gas Corporation, California Water Association, and California Association of Sanitation Agencies.<sup>2</sup> A prehearing conference (PHC) was held on August 6, 2018 to discuss potential issues, determine the need for hearings and discuss a possible schedule for working groups to resolve the matter. An informal staff workshop was also held on that date, covering available data and tools to inform climate adaptation planning. After considering the written comments on the OIR filed June 6, 2018 and discussion at the PHC, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

## **2. Scope**

The main purpose of this OIR is to provide guidance to utilities on how to incorporate climate adaptation into their planning and operations. Based on the OIR, party comments, and the discussion at the PHC, there will be at least two phases of this proceeding.

### **2.1. Phase 1 Issues**

Phase 1 of this Rulemaking will broadly consider how best to integrate climate change adaptation into the larger investor-owned electric and gas

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<sup>1</sup> Formerly known as the Office of Ratepayer Advocates.

<sup>2</sup> The assigned Administrative Law Judge (ALJ) issued a ruling accepting these comments for late filing. They were filed with the Commission on August 14, 2018.

utilities' planning and operations to ensure safety and reliability of utility service. This phase will focus on addressing five key topics, described below:

1. Definition of climate adaptation for utilities;
2. Appropriate data sources, models, and tools for climate adaptation decision-making;
3. Guidelines for utility climate adaptation assessment and planning;
4. Identification and prioritization of actions to address the climate change related needs of vulnerable and disadvantaged communities; and
5. Framework for climate-related decision-making and accountability.

These broad issues involve numerous questions and will require flexible procedures, which can best be accomplished via a working group process, as described in Section 3.

#### **2.1.1. Working Group Topics and Questions**

Expanding on the above list of five issues, the scope of this proceeding is further refined to include the questions detailed below. These questions should be considered by the working group and will be addressed in this proceeding. However, the list is not meant to be exhaustive, and the working group process is intended to be flexible; parties and other working group participants are encouraged to address any additional sub-issues that they consider relevant to the broader topics and purposes outlined here. Topics may be added to working group discussions and reports at any time or additional working groups formed at the discretion of the Assigned Commissioner or Administrative Law Judge.

## **1. Definition of Adaptation for Utilities**

**Purpose:** Develop a definition of what adaptation for utilities involves.

**Questions that could be addressed in this working group session:**

- What is an appropriate definition of adaptation for electric and gas utilities?
  - This could be a definition set out in a matrix, e.g., gradual vs. specific vs. cascading specific threats; time frame; etc.

## **2. Data Sources, Models, and Tools**

**Purpose:** Provide guidance to utilities on which data sources and models should be utilized as the basis for inputs into their planning processes. Consider key available data sources, models, and tools for forecasting future climate impacts, the degree to which they are useful or could be made more useful, and whether they should be adopted in some way for use by the Commission.

The working group could consider available data sources, forecasts, and tools for use in utility planning such as Cal-Adapt, the Coastal Storm Modeling System (CoSMoS), California Ocean Protection Council's Sea-Level Rise Guidance, CalEPA Urban Heat Island Index Map, downscaling initiatives, and Integrated Climate Adaptation and Resiliency Program (ICARP). Because not every data source or tool can feasibly be considered, focus would be on Cal-Adapt and peer-reviewed studies from other California agencies or California researchers.

**Questions that could be addressed in this working group session:**

- Content and usefulness:
  - What is in these tools and studies?
  - What data/studies do the utilities and the Commission need for planning and operations?
  - Are the existing tools useful to meet those needs? What would make them more useful?
- Adoption of reliable sources:
  - Should the Commission adopt certain existing studies as being acceptable data sources for decision-making?
  - Should the Commission adopt certain tools/databases/sources under continual development, such as Cal-Adapt?
- Specific guidance:
  - Should the Commission require use of certain climate scenarios/timeframes (e.g., some parties have suggested use of Representative Concentration Pathway (RCP) 8.5 for planning through 2050 or 2060)?
  - Should the Commission adopt guidance on the use of specific Global Climate Models (GCM)?
    - Should the Commission adopt the Climate Action Team's four priority models for research, or all 10 GCMs found in Cal-Adapt, or some other requirement?
  - Should the Commission adopt any general guidance on use of downscaled projections, or other specific types of modeling?

### **3. Guidelines for Utility Climate Adaptation Assessment and Planning**

**Purpose:** Develop recommendations as to how the CPUC and IOUs should select climate-related inputs for their planning and operations.

#### **Questions that could be addressed in this working group session:**

- Should key climate-related inputs be developed for use by proceedings and IOUs? If so,
  - Which inputs should be developed?
    - E.g., sample temperatures for selected future years, to be used to calculate anything from cooling degree days to transmission line losses.
  - Who should develop them?
  - What assumptions should go into these inputs?
    - Can such assumptions be universal, or do they need to vary depending on application type?
  - How would inputs and assumptions be updated over time?
  - How would this approach leave room for other Commission proceedings and for the IOUs to make appropriate decisions and proposals in other long-term planning and investment contexts?
- Should the CPUC (instead of the above) develop criteria for IOUs (and CPUC staff) to determine their own inputs as needed for climate-impacted planning and operations?

- If so, what should these criteria be?
  - E.g., use Cal-Adapt where possible, use weather-related data from the last  $x$  years only, extrapolate out to 2050 using methodology  $x$ , consider the  $x^{\text{th}}$  percentile worst case climate-dependent inputs for all safety issues, appropriate use of (or limits on) averages.
- How would criteria be updated over time?
- How would this approach leave room for other Commission proceedings and for the IOUs to make appropriate decisions and proposals in other long-term planning and investment contexts?

#### **4. Vulnerable and Disadvantaged Communities**

**Purpose:** Develop recommendations on how to identify and prioritize investments and other activities that address the needs of vulnerable and disadvantaged communities as related to climate change impacts.

#### **Questions that could be addressed in this working group session:**

- What is an appropriate definition of vulnerable and disadvantaged communities in the context of climate adaptation? What are the special needs of these communities that should be addressed?
- How should utilities and the Commission include these communities in their efforts to identify and prioritize climate adaptation investments?
- How should investments and other activities benefitting these communities in the context of climate change impacts be identified and prioritized?

## **5. Decision-making Framework**

**Purpose:** Use the input from prior working group meetings to develop recommendations on how to make climate-related decisions under a high degree of uncertainty, including a framework for decision-making, additional reporting and accountability, and potential procedural venues.

### **Questions that could be addressed in this working group session:**

- How should the Commission and utilities consider/apply the following factors in considering climate-dependent investments?
  - Key functions (e.g., generation, transmission, distribution, storage)
  - Climate risks (e.g., extreme heat, sea level rise, wildfire, drought)
  - Major investments (e.g., long-life, climate-vulnerable assets that have a high cost either individually or across all utility operations, or have a major safety role)
- What additional reporting is necessary to enable decision-making and accountability?
  - E.g., a framework for the utilities to conduct climate vulnerability assessments, a framework for development of adaptation pathways, outcome magnitudes and probabilities, certain climate-related metrics, disadvantaged and vulnerable community impacts.
- To the extent that a climate-driven need may be identified, e.g. to replace equipment or modify operational procedures, in what venue should proposals be made? (e.g., GRC, separate climate adaptation applications)



## **2.2. Future Phases**

The scope for future phases of this proceeding will be considered in a future scoping memo. However, I anticipate that future phases will consider further refinement of the guidance provided to energy utilities in Phase 1 of this proceeding, as well as guidance for climate change adaptation for the smaller energy utilities, water and telecommunications utilities.

The entities filing as the California Association of Small and Multi-Jurisdictional Utilities and Independent Storage Providers (ISPs)<sup>3</sup> will be Respondents in Phase 2 of this proceeding, and are not required to participate in Phase 1. However, while Phase 1 is focused on the large energy utilities, all utilities are nevertheless invited to participate in this first phase, as some issues (e.g., data sources) may be relevant to all utility types and may impact future phases.

## **3. Working Group Structure**

As previously noted, the Commission will utilize a working group format to address the issues in scope in a collaborative and practical manner. The working group will address each of the five key issues above on a staggered timeline, so that parties and other interested persons can participate in any or all working group sessions. For each of the five issue areas, we plan to pursue the following process:

1. Initial working group meeting, either in person or via conference call;

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<sup>3</sup> In the Scoping Memo for Phase 2 of this proceeding, we will again consider the ISPs' request that they be removed as Respondents to the OIR.

2. Staff proposal (optional, and at least two weeks prior to second meeting);
3. Second working group meeting or conference call to discuss the staff proposal and parties' input;
4. Working group session report, including the staff proposal and a summary of party input; and
5. Formal comments and replies by all parties on the working group session report.

I anticipate that the initial working group meetings will be relatively brief, lasting not more than two hours each. The second working group meeting for each issue area will likely require at least a half day, but not more than two days. As described in greater detail below, the utilities will be tasked with preparing the working group session reports, and the schedule will provide for stakeholder input prior to formal submission of the reports.

Commission staff will oversee the working groups, and may also designate expert facilitators to lead one or more working group meetings or calls. Oversight may include providing guidance on: 1) meeting agendas; 2) the process for exchanging views and working towards consensus, 3) documentation of different viewpoints; and 4) the format of reports and proposals. Commission staff will also delegate to the utilities any necessary tasks related to preparation of working group session reports, such as assigning a particular utility to take notes. Working group meetings shall be public.

Given the aggressive schedule, working group members should develop their thoughts on the relevant scoping issues prior to initial working group meetings, and be prepared to share any proposals they may have, whether verbally, in writing, or via presentations.

Within three weeks of the second working group meeting on each of the five issues in scope, the utilities shall develop a final report addressing that topic. Each status report shall describe: 1) the issues assigned to the working group; 2) discussions, relevant framing questions or considerations to move discussions forward from the outset for each issue; and 3) an outline showing proposed resolution(s) of assigned issues. The reports should also include all disputes that have arisen, as well as an appendix containing any staff proposal submitted on that scoping issue.

Following issuance of a draft version of each report, participants in the working groups shall have an opportunity to provide input to the utility. The final working group session report will be submitted to the Commission within three weeks of the final working group meeting on that scoping issue. It is not a goal at this time to reach consensus among participants but rather to develop a full understanding of the interplay of factors and externalities within each question, and to develop a range of recommendations that may be considered for adoption. The intent is to issue a guidance document to aid in utility planning for climate change adaptation.

#### **4. Need for Evidentiary Hearing**

At this point, no parties have identified any issues of material disputed fact or argued for evidentiary hearings. Accordingly, I confirm the preliminary determination in R.18-04-019 that this rulemaking is quasi-legislative as defined by Rule 1.3(d) and there is no need for evidentiary hearings in this proceeding.

**5. Schedule**

The schedule below is adopted. Either the assigned Commission or the assigned Administrative Law Judge (ALJ) may modify the schedule as required to develop an adequate record, provide due process, and conduct the proceeding in an orderly and efficient manner.

**PHASE 1 CLIMATE CHANGE ADAPTATION RULEMAKING SCHEDULE**

EVENT	DATE
Scoping Memo issued	October 10, 2018
Comments on Scoping Memo	15 days after Scoping Memo issued <sup>4</sup>
Working group process (meetings, proposals, reports, comments, and replies)	Q4 2018 through Q2 2019, with each topic addressed sequentially
Final set of working group session report comments and replies received	Summer 2019
Proposed Decision	90 days following submission
Commission Decision	September 2019

Based on this schedule, Phase 1 of the proceeding will be resolved within 18 months as required by Public Utilities Code Section (Pub. Util. Code §) 1701.5. This deadline may be extended by order of the Commission. Phase 2 of the proceeding will be scoped separately, following issuance of the Phase 1 decision.

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<sup>4</sup> This Scoping Memo will only be amended if the Assigned Commissioner finds good cause to do so based on comments received.

## **6. Category of Proceeding/Ex Parte Restrictions**

This ruling confirms the Commission's preliminary determinations that this is a quasi-legislative proceeding. (OIR at 17.) Accordingly, *ex parte* communications are permitted without restriction or reporting requirements pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

## **7. Public Outreach**

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

The Business and Community Outreach Office handles outreach on OIRs., This OIR was the lead story on the front page of the May 2018 "Filings at the CPUC" newsletter. The newsletter was distributed electronically to most elected (typically mayors and county supervisors) and executive (typically city managers) heads of local governments statewide, as well as public works directors for which the Outreach Office has contact information, local councils of governments, community organizations, and other parties who have expressed interest in receiving the newsletter. It is also posted on the Business and Community Outreach Office's website.

In addition, the Commission served the OIR on the following state agencies: Governor's Office of Planning and Research, California Governor's Office of Emergency Services, California Energy Commission, California Natural Resources Agency, and the California Department of Forestry and Fire Protection.

## **8. Intervenor Compensation**

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent (NOI) to claim compensation by September 5, 2018, 30 days after the PHC.

## **9. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYT), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **10. Service of Documents on Commissioners and Their Personal Advisors**

Rule 1.10 requires only electronic service on any person on the Official Service List, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

## **11. Assignment of Proceeding**

Liane Randolph is the assigned Commissioner and Mary McKenzie is the assigned ALJ for the proceeding.

**IT IS RULED** that:

1. The scope of this proceeding is as described in Section 2, above.
2. The schedule of this proceeding is as set forth in Section 5, above.

3. Evidentiary hearings are not needed.
4. The category of the proceeding is quasi-legislative.

Dated October 10, 2018, at San Francisco, California.

/s/ LIANE RANDOLPH

Liane Randolph  
Assigned Commissioner