



# How S-MAP and RAMP Relate to PG&E GRC?



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# Procedural History

- Risk OIR, R.13-11-006, *Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the Rate Case Plan for Energy Utilities.*
- Purpose of RISK OIR was to incorporate a risk-based decision-making framework into the Rate Case Plan (RCP) for the energy utilities' General Rate Cases (GRCs).
- Two new procedures were established to feed into GRC applications in which utilities request funding for safety-related activities:
  - May/2015 filing of Application in Safety Model Assessment Proceeding (S-MAP)
  - Risk Assessment Mitigation Phase (RAMP) filing into a new Order Instituting Investigation (OII) (in connection with GRC application) based on format approved in S-MAP proceeding.





# S-MAP Proceeding

- Undertake a comprehensive analysis of each utility's risk-based decision making approach;
- Compare the different approaches that each energy utility may use;
- Detect whether there are common elements among the approaches and models that they use; and,
- Assess whether elements of one utility can be adapted for use by the other utilities.
- Safety and Enforcement Division (SED) produced an evaluation report on the utilities' risk evaluation models and risk-based decision frameworks.
- Decision in S-MAP proceeding is pending (expected in late June), which will give directions on which risk models to use and what format RAMP filing should follow.





# RAMP Proceeding

RAMP filing contents:

- The utility's prioritization of the risks it believes it is facing and a description of the methodology used to determine these risks.
- A description of the controls currently in place as well as the "baseline" costs associated with the current controls.
- The utility's prioritization of risk mitigation alternatives, in light of estimated mitigation costs in relation to risk mitigation benefits (Risk Mitigated to Cost Ratio).
- The utility's risk mitigation plan, including an explanation of how the plan takes into account: utility financial constraints; execution feasibility; affordability impacts; and any other constraints identified by the utility.
- For comparison purposes, at least two other alternative mitigation plans the utility considered and an explanation of why the utility views these plans as inferior to the proposed plan.





# RAMP Proceeding

- RAMP filing is for each GRC.
- Following RAMP filing, a workshop will be held.
- SED will produce an evaluation report on the RAMP filing.
- SED will hand off results of evaluation to Energy Division and Office of Ratepayer Advocates (ORA) prior to GRC application.
- A utility will incorporate any suggested changes identified in SED RAMP evaluation report in GRC application.
- The current PG&E GRC is not subject to RAMP, but the next one will be.





# Where does PG&E's risk-based approach to GRCs stand?

- A risk-based approach is now an entrenched part of the PG&E's GRC process.
- A great deal of initial progress has been made. ("lowest hanging fruits")
- A great deal more needs to be done. (Probabilistic approach that relies more on data rather than SME opinions will take much longer time to mature.)

Refer to SED evaluation on S-MAP proceeding, A.15-05-002 et al:

<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=159669491>





Thank You

