



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

