

A Holistic Approach to Wildfire Risk Mitigation for Electric Companies and Their Customers

Overview

The increased frequency and severity of extreme weather events, including catastrophic wildfires, are challenging electric companies and the customers and communities they serve. These risks cannot be managed with current insurance products and tools leaving many homeowners and businesses without access insurance, let alone at affordable rates. Moreover, states and local communities do not have the funding to ensure that they mitigate risks through appropriate land management, zoning, and other preventative measures.

Electric companies are committed to mitigating the risks that their equipment can pose, but the possibility of liability threatens companies' ability to provide resilient clean energy to customers. A holistic approach is needed to help all stakeholders reduce wildfire risks and to ensure electric companies can make investments in resilient, clean energy for customers.

Key Objectives

Reducing wildfire risks and ensuring the ability of electric companies to invest in fire risk mitigation is a top priority for EEI and its members. EEI and member companies have identified—and are working toward—three broad objectives to address wildfire risks and liability:

- Share leading practices and establish a common understanding of the range of risk-informed wildfire mitigation activities that electric companies can undertake to reduce ignitions from electric infrastructure.
- Expand partnerships with the full complement of stakeholders needed to address wildfire risk at the community, state, and federal levels.
- Promote and protect the value of financially healthy electric companies in supporting national and economic security; building a clean, resilient power sector; and electrifying other sectors.

Electric Company Mitigation Efforts

Many electric companies are making significant investments to ensure that the energy grid can provide resilient clean energy in the face of increasingly severe weather conditions. As part of these investments, they are working to limit potential wildfire ignitions related to their infrastructure. These efforts include deployment of new technologies to ensure better situational awareness and wildfire detection capabilities, selective undergrounding of high-priority and high-risk lines, the use of covered conductor to limit sparking of broken lines, and expanded use of automatic reclosers with more sensitive settings to prevent sparking when debris blows into power lines.

Managing vegetation on electric transmission and distribution rights-of-way (ROWs) also is another key to the industry's efforts to reduce potential wildfire risks while protecting the security and reliability of the energy grid. Electric companies must have timely access to ROWs to perform necessary vegetation management, as well as routine operations and maintenance work.

Electric infrastructure also can be used to enhance situational awareness, identifying high risk areas and using cameras and sensing technology in hard to reach areas to identify fires wherever they occur. Coordination with first responders can help ensure any fires—regardless of the ignition source—can be controlled and fought, ultimately limiting damages to the surrounding communities.

EEl and its member companies also are utilizing existing mutual assistance frameworks to expedite emergency response capabilities to restore power after severe weather events and proactive shutoffs to minimize the risk of wildfires during certain weather conditions.

A Coordinated Federal Approach is Needed

Wildfires are a societal problem that require societal-level solutions. While electric companies are investing to address the risks that their equipment might pose, the increasing frequency and destructive force of wildfires must be addressed holistically. EEl member companies, along with the Electricity Subsector Coordinating Council Wildfire Working Group (ESCC WWG), have made progress with the U.S. Forest Service, Department of Energy (DOE), Department of the Interior, Department of Agriculture (USDA), the National Security Council (NSC), and the Federal Aviation Administration (FAA) to advance strategies to enhance industry-government coordination, harmonize allocation of resources, and identify barriers to the industry's detection, mitigation, and restoration capabilities. EEl will continue to work with these federal agencies and expand efforts with FEMA and the Federal Communications Commission, as well as with federal firefighting resources.

Increased wildfire risks are not just a function of changing climate and weather conditions and are not caused only by electric company equipment. In fact, most wildfires have other causes. A range of other stakeholders, therefore, also must address their contributions to increased wildfire risks. This includes federal, state, and local land managers, whose practices can contribute to dangerous fuels loads, and homeowners, who increasingly are not able to procure appropriate levels of wildfire insurance and often do not employ even the most basic strategies to protect their property in the event of a wildfire.

When wildfires do happen and electric company equipment may be involved, plaintiffs' attorneys rush to court to seek from electric companies both economic and non-economic damages, including emotional distress, that can reach into the tens of millions of dollars. While it may take years for litigation to reach a conclusion, the threat of this liability can immediately destabilize the financial health of electric companies, challenging their ability to raise capital to continue to provide affordable, resilient clean power for all customers. In the past, Congress has provided a backstop when changing risks create the potential for large liabilities which cannot be managed with existing insurance products or other financial tools. This kind of intervention is needed now and we ask that Congress explore options that hold electric companies accountable for engaging in appropriate wildfire mitigation activities, but that do not require these companies to serve as the insurers of last resort for all damages associated with a wildfire.

Next Steps

EEl will continue to work with members and other stakeholders to identify potential legislative and financial options to address liabilities. In addition, we will continue to educate Congress, the Administration, and state and local governments about the risk that wildfires pose to the financial health of electric companies and their ability to provide customers with affordable, resilient clean energy.

