

Socialization of Wildfire Costs as Proposed

Fails to Protect Our Grandchildren

Submitted to the Commission on Catastrophic Wildfire Cost and Recovery

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Representing
Our Grandchildren's Future
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Background

Mr. Schaefer is a retired engineer with more than four decades of experience in electric power and renewable energy. He holds an engineering PhD in from Stanford. Members of his family were evacuated as a precaution from the Tubbs Fire.

I have been favorably impressed by the care and careful inquiry demonstrated by the OPR's Commission on Catastrophic Wildfire Cost and Recovery. Their charge was immense and the resources and time allowed were insufficient.

However, I fear that both of California's wildfire commissions ignored science, economic logic and simple fairness in addressing how to pay for growing wildfire damages.

The commissions didn't effectively consider how climate change is the real villain, or what to do about it. As a practical matter, all the solutions proposed ignore fossil fueled vehicles' substantial contribution to climate change, as well as their potential to contribute to victims' funds that the commissions recommend.

The science is clear. Climate change is parching the landscape and blowing up fierce winds. Thus, as recent history shows and firefighters tell us, whenever a fire starts it can and sometimes does spread rapidly. Fires have always started here, since long before it was California. What's new is how ferociously they spread.

Semantic solutions like "socialization" may spread the costs but as currently proposed not to those who cause the problem. Reliance on insurance simply shifts the costs to all future insurance buyers, and/or drives buyers away. Shifting costs later in time (the Enron solution) by expecting PG&E or other utilities to be compensated as outlined in SB901 may not be financially sustainable.

By raising customer charges, the SB901 (with its non-bypassable customer charge) solution unfairly charges all electricity users, including those using renewable energy. It even charges more to electric vehicle users, despite the fact that they must be part of the solution.

Both commissions ignored the fact that PG&E did not start two huge fires: the Carr Fire in Shasta County and the Tubbs Fire in Sonoma County. It's not logical to assess utilities for those damages, but it would be logical to assess fossil fuel burners.

Commissions also ignored Governor Brown's description of the "new normal" of climate change, now that fires spread far faster once they start. Yesterday's insurance solutions and socialization will be inadequate in the new normal.

PG&E did apparently cause the Camp Fire, whose liabilities may well exceed PG&E's net worth. Under bankruptcy protection, PG&E seeks to pay those immense costs by gouging its customers, utilizing "inverse condemnation." If customers are thus gouged, fairness dictates they should instead receive shares of stock for their forced investment.

Regardless how these issues are addressed, the two commissions agree (as do I) that some kind of victims' wildfire fund will be required. A solution the commissions failed to

recommend is funding it with money from those who cause climate change, namely fossil fuel burners. Californians already (indirectly) pay a small cap-and-trade fee to the the Air Resources Board for the right to pollute. It should be raised to cover wildfire damage, and that would help California meet its ambitious clean air goals. Moreover, it might set an example the rest of the world could follow.

Unless wildfires suddenly cease, it's possible that none of the proposed solutions will be financially viable without cap-and-trade's contributions.

It's possible that 2019 and future wildfires will not be as destructive as those of recent years. If that's the case it may be possible that the state will survive the considerable damages of 2017 and 2018. But if not, kicking the can down the road with socialization of the past is not a formula for future success.

Failure to address promptly the real cause of why and how wildfires spread will doom our grandchildren to a bleak future.