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ENDING CATASTROPHIC WILDFIRE TOGETHER

BACKGROUND

Ending catastrophic wildfire demands bold, proactive approaches.

In 2025, a small group of regulatory, utility and safety experts, frustrated with the pace, cost, and results of the response to catastrophic utility-caused wildfire came together to ask: What can we learn from other industries that we can apply to our response to wildfires, especially for the electric industry?

Our conclusion: The industry must overcome an "us versus them" mindset and reorient to "us versus wildfire." Here's how we do it:

LESSONS FROM OTHER INDUSTRIES AND JURISDICTIONS

On March 28, 1979, a partial meltdown at the Three Mile Island nuclear power plant in Pennsylvania sent fear and shockwaves through the nation.

On July 17, 1996, TWA Flight 800 exploded mid-air off the coast of Long Island, killing all 230 people on board.

On February 7, 2009, the Black Saturday Bushfires swept across Victoria, Australia, killing 173 people and destroying thousands of homes.

In each case, operators had to restore confidence in critical public industries, while governments and regulators implemented protocols to improve safety outcomes. Combined, their efforts proved effective.

Nuclear industry improvement through peer review and resource pooling

- A key outcome of the Three Mile Island incident was the creation of the **Institute of Nuclear Power Operations (INPO)**, an industry group formed to promote the highest levels of safety and reliability in nuclear power plant operations world-wide. INPO's staff, including technical experts and industry professionals, conduct regular plant evaluations, offer training and accreditations, and provide a forum for information exchange and technical assistance among members. An important component of INPO is that it judges an operator's overall safety, not whether its plant is compliant with regulations. INPO issues no fines or penalties, and its reports and rating system are confidential—even to the industry regulator—but INPO achieves success through industry-internal transparency.

  A corollary exists in the North American energy sector through the North American Transmission Forum, created to support excellence in electric transmission.

- In 1957, recognizing the importance of nuclear power and its catastrophic risk to the American public, Congress passed the Price-Anderson Act, establishing **a framework for liability management and insurance** should an accident occur. This introduced a tiered insurance system that includes self-insurance by individual nuclear companies, pooled insurance funded by industry, and a government backstop if the self-insurance and industry-funded tiers are exhausted. Sharing of risk and responsibility is key to this framework: every nuclear plant is financially responsible for accidents, but the federal government also recognizes the importance of nuclear power and its catastrophic risk to the American public and provides additional financial protections.

  Complementary to limited liability and pooled insurance as demonstrated by the nuclear industry, is the **creation of victim compensation funds**, which have precedent in other industries such as the vaccine industry and with large scale disasters:
  - The Vaccine Injury Compensation Program provides compensation for economic losses resulting from vaccination injury, without the need to prove negligence or fault. VICP is a federally created program that is funded by an excise tax on the vaccine.
  - The 9/11 Victim Compensation Fund, a federally funded no-fault model, has paid nearly $15 billion to over 65,000 claimants.

Aviation safety improvement through broad, collaborative engagement

- In 1997, **a wide variety of stakeholders involved in airline safety voluntarily came together** to create the Commercial Aviation Safety Team (CAST). The industry and the regulator committed to fostering collaboration through open dialogue and sharing data, with the agreement to use information for learning purposes, not for enforcement. As with INPO, CAST directed its efforts primarily at improving safety, as opposed to regulatory compliance. Participation is voluntary, information shared is protected from public scrutiny, and industry data has been standardized and compiled for shared learning.

Government urgency in Victoria, Australia, reconfigured utility and state bushfire response

- The 2009 bushfires led to the establishment of the Victorian Bushfires Royal Commission and triggered **swift regulatory and policy overhaul** in the State of Victoria. The Victorian government rapidly assumed direct leadership over wildfire-utility mitigation response, demanding transparent and swift course correction from utilities. Rapid, clear institutional accountability and integrated governance aligned economic incentives, safety imperatives, and data transparency to drive continuous improvement.

- At the same time, **fire safety increasingly became a focus of multiple government agencies and the public through public information campaigns and the enforcement of building and land management codes**. In some areas local councils, not utilities, are responsible for vegetation management; fire risk mapping is the responsibility of emergency services managers and fire managers, with defined areas for special attention codified in legislation. The state requires special rules for building infrastructure in critical fire prevention areas.

We can—and must—learn from these lessons and apply similar tactics to U.S. electric utilities confronting the escalating threat of wildfire.

HOW TO CONFRONT UTILITY WILDFIRE

1 | Regulators and utilities should emulate the Commercial Aviation Safety Team model to end catastrophic wildfire caused by electric infrastructure.

In our current paradigm, limited information sharing between regulators and electric utilities is stifling wildfire mitigation efforts. Regulatory proceedings are long and inflexible, and limit dialogue. The threat of penalties and liability coupled with the

challenges of keeping information confidential further hinders a collaborative response. Community-owned or public power utilities are rarely at the same table as their investor-owned counterparts.

Key focus areas of the new collaborative:

- Reviewing utility performance on wildfire mitigation plan implementation and key performance metrics.
- Discussing any adjustments to utility wildfire strategy from year-to-year.
- Reviewing lessons learned—what is working in utility wildfire response, and what can be improved?

Key characteristics of the new collaborative:

- Voluntary but inclusive participation of all interested parties.
- Confidential data sharing within the collaborative process.
- Creation of centralized and standardized data repositories, including data on utility infrastructure health, inspection findings, near-misses, and other relevant data to inform discussions.
- Suspension of regulatory penalties for self-reported near-misses/risk events.

2 | Legislatures, commissions, and utilities should ensure a shared, whole-of-society response to wildfire risk.

To effectively mitigate catastrophic wildfires, utilities cannot—and should not—act alone. Utilities can address the likelihood of their equipment causing a wildfire, but they have limited ability to address consequences once a fire starts. The complexity and scale of wildfire risk now demand the engagement of a broader coalition of stakeholders, including land managers, fire services, law enforcement, emergency managers, landowners, local governments, critical infrastructure providers, community groups, and residents. In 2025, California's utilities invested over $9 billion in wildfire mitigations; all other state and federal agencies invested $400 million. Utilities' burden and cost to address wildfire is outsized compared with their limited ability to influence wildfire outcomes.

3 | State legislatures should reframe utility wildfire liability.

Uncapped monetary damages associated with wildfire threaten rate affordability and utility solvency. New frameworks should recognize shared responsibility for wildfire outcomes—the impact of a fire once sparked is largely dependent upon existing land management practices, community fire preparedness, and building standards/codes. This points to a framework of shared liability, such as occurred in Hawaii's $4 billion global settlement after the Lahaina fires. In California, this also suggests that utilities

alone should not bear the full burden of liability when the utility is in possession of a safety certification.

4 | State or federal government should develop victim compensation funds to address wildfire damages, streamline payments to victims, and avoid costly litigation.

In recognition of shared responsibility for wildfire outcomes and in recognition that, depending on the cause of the fire, victims will have access to vastly different potentials for compensation, states should develop pooled no-fault victim compensation funds with seed funding from taxpayer-backed bond funding. This funding source recognizes that catastrophic wildfire risk extends beyond electric utilities. Victim compensation funds can streamline payment to victims and avoid costly litigation.

5 | Utilities should create a Utility Wildfire Mitigation Forum modeled on the success of other experiments in self-regulation.

Through INPO and the North American Transmission Forum, we have tested and proven models of industry self-regulation that demonstrate the power of collaborative accountability. These forums are industry-led, expert-driven, and focused on continuous improvement through shared learning.

The new forum would similarly elevate wildfire mitigation strategies through confidential peer reviews, technical training, accreditation programs, and the proactive sharing of lessons. While the State of California cannot mandate its formation, the CPUC can authorize prudent expenditures related to utility participation.

6 | States should develop a common wildfire risk framework, measure maturity to right-size wildfire responses, and assist other states and smaller utilities throughout the country.

An underlying challenge for utilities, regulators and the public alike is determining an acceptable level of wildfire risk for a utility and the most cost effective ways of achieving that level of risk. Each utility risk model is unique. In addition, in California, publicly owned utilities lack commensurate resources or funding to develop sophisticated risk awareness. Several mechanisms could help all involved better understand risk and make effective choices to reduce risk:

- Development of common risk frameworks and transparent risk models to provide a foundation for regulators and utilities across the country to understand relative wildfire risk.

- Development of common wildfire maturity assessments to understand a utility's current maturity in addressing wildfire risk, its predicted progress in maturation, and key priorities for improvement.

7 | States and commissions should address wildfire as a top priority, with government driving swift action.

After repeated catastrophic wildfires, the public is increasingly fearful that powerlines may cost them their lives, homes, and livelihoods. States should publicly pledge to address utility wildfire risks rapidly while balancing other utility priorities.

More detail on these recommendations and the background information supporting them can be found in our recent full report published here.