

# SB 254 Natural Catastrophe Resiliency Study

## Informational Webinar

Wednesday, December 10, 2025:  
12:00 - 1:00 p.m. (Pacific Time)

# Agenda

## Welcome and Webinar Overview

1. **SB254 Origin and Purpose**
2. **Intent and Structure of the Study**
3. **Schedule and Opportunities to Engage**
4. **Q&A**
5. **Closing and Next Steps**



## Part 1

# SB254 Origin and Purpose

### Two Key California Legal & Regulatory Concepts:

**“Inverse Condemnation”** – California Constitution (Art. 1, Section 19) requires “just compensation” be paid for property taken **or damaged** to further a **public use** (e.g., public utilities providing electricity to Californians is a “public use”).

- California Utilities (public & private) perform a “governmental activity” making them subject to inverse condemnation.
- As applied, inverse condemnation makes a utility company **strictly liable** for all property damage resulting from a wildfire sparked by the utility company’s equipment.

**“Prudency”** – Who ultimately pays for the damage – ratepayers or utility stockholders? Following an investor-owned utility-ignited wildfire, the CPUC undertakes an assessment of utility prudency, applying a “prudent manager” standard.

- **Prudent = Ratepayers:** If the utility company **was prudent** in operating the equipment, the cost of the wildfire is recovered by the utility from **ratepayers** through utility rates.
- **Imprudent = Stockholders:** If the utility company **was imprudent**, the cost is paid from capital and ultimately borne by stockholders.

### Pre-2017-18 Northern California Wildfires

- **Long CPUC Prudency Reviews** – The duration of CPUC Catastrophic Wildfire Proceedings – which determine whether a Utility Company will be allowed to recover wildfire costs through rates – was stretching out to nearly a decade after the wildfire ignition. *The length of this recovery process created significant investor uncertainty.*
- **Increased Risk** – Climate change has increased the risk of Catastrophic Wildfires throughout the State.
- **Capital Constraints** – Access to capital for Investor-Owned Utilities (IOUs) decreasing as a result.
- **Wildfire Insurance** – The market for insuring IOUs for their wildfire liability became *challenging and expensive*.

### The Crisis - 2017-18 Northern California Wildfire Seasons

- Pacific Gas & Electric (PG&E) files for Chapter 11 Bankruptcy protection in January 2019.
- Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) under threat of downgrade to below investment-grade by rating agencies, driving up cost of capital and risking bankruptcy to address credit-based (non-monetary) defaults from rating downgrades.



**Core Purpose:** Enhance the financial stability of investor-owned utilities (IOUs) by providing funds to reimburse participating IOUs for “eligible claims” arising from “covered wildfires.”

- **Covered Wildfires:** Only wildfires ignited on or after July 12, 2019, determined by the responsible governmental agency or a court of competent jurisdiction to have been caused by a participating IOU.
- **Participating IOUs:** Pacific Gas & Electric (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison (SCE).
- **Eligible Claims:** Third-party damage claims in excess of \$1 billion, per participating IOU, in the aggregate in a year (wildfire season).

**Governance and Management:**

- **California Catastrophe Response Council** (“Council”), created under AB 111, oversee the administration of the Fund.
- **California Earthquake Authority** (“CEA”) serves as the Administrator of the Fund under the oversight of the Council.

**Claim-paying Capacity:** Approximately \$21 Billion (with assets of \$13.8 billion as of 9/30/25)

Ratepayers \$10.5 B	+	Utilities \$10.5 B
<ul style="list-style-type: none"><li>• Initial State Loan: \$2 B</li><li>• Annual Revenue Stream via Ratepayer Surcharge: \$902 M</li></ul>		<ul style="list-style-type: none"><li>• Initial Contribution: \$7.5 B</li><li>• Annual Contribution: \$300 M (\$3 B total)</li></ul>

Key wildfires and loss estimates that the Administrator continues to monitor:

Wildfire Ignition Date	Covered Wildfire Determination Date	Utility Claims Settlement Dates/Loss Estimates
Mosquito Fire, 9/16/2022	Investigation ongoing	PG&E estimates losses in excess of \$100 million as of 03/31/2025 <sup>(1)</sup>
Dixie Fire, 7/13/2021	01/04/2022	PG&E estimates losses in excess of \$1.925 billion and recorded an aggregate Wildfire Fund receivable of \$925 million for probable recoveries as of 03/31/2025 <sup>(1)</sup>
Kincade Fire, 10/13/2019	07/16/2020	PG&E estimates losses in excess of \$1.275 billion as of 03/31/2025 <sup>(1)</sup>
Eaton Fire, 01/07/2025	09/15/2025*	Fire originated in Southern California Edison servicing territory. No loss estimates yet.

Source: (1) U.S. Securities and Exchange Commission Q1 2025 PG&E Form 10-Q Quarterly Report

## The January 2025 Southern California Wildfires – A Sea Changing Event

January wildfire catastrophe – particularly the Eaton Fire – was a crystallizing event that brings the purposes and benefits of the Wildfire Fund into stark focus:

- **Legislative Purposes of the Wildfire Fund**
  - Protect ratepayers from rate volatility from post-fire wildfire cost recovery;
  - Provide liquidity for IOUs to make prompt claim payments to wildfire survivors and facilitate community recovery;
  - Protect against IOU bankruptcies due to wildfire liabilities.
- **Benefits of the Wildfire Fund**
  - The Eaton Fire is now a Covered Wildfire for which Southern California Edison is liable. The Wildfire Fund will provide prompt reimbursement of eligible claims.
  - Stable utility company operations, unimpeded by operating during a bankruptcy proceeding.

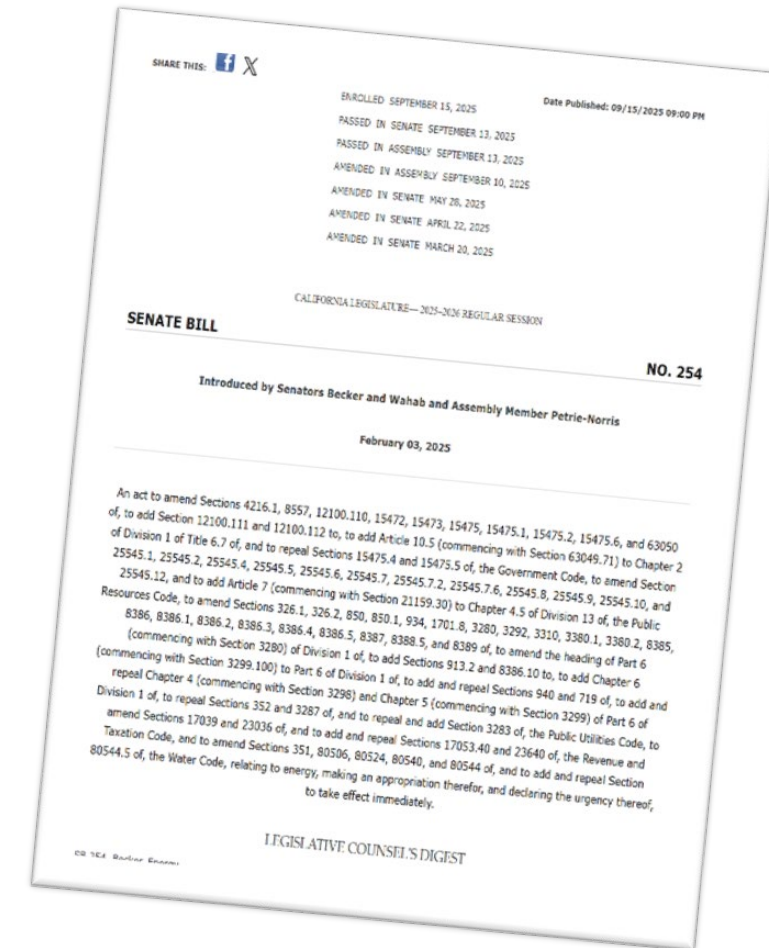


## Establishes an interim framework to replenish the Wildfire Fund, if necessary

- Establishes a segregated **Continuation Account** within the Wildfire Fund for payment of eligible claims arising from wildfires ignited on or after September 19, 2025 (date of Gov. Newsom's signing)
  - Additional **~\$18 billion in claim-paying capacity** through nonbypassable **charges to ratepayers, from 2035 to 2045**, and proportionate contributions by participating utilities
  - Authorizes the California Department of Water Resources to issue bonds, up to \$10 billion in aggregate, to support the Account

## Calls for a comprehensive assessment to analyze and develop longer-term solutions (the “Natural Catastrophe Resiliency Study”)

- Requires the CEA, as the Administrator of the Wildfire Fund, to prepare and submit a report to the Legislature and Governor **on or before April 1, 2026**, in consultation with key state agencies and departments and with feedback solicited from key stakeholders



## Part 2

# Intent and Structure of the Study

**“To address the emerging climate-fueled economic crisis, California must evaluate new models to equitably socialize risk that balance the state’s goals...”**



“A report that evaluates and sets forth recommendations on new models or approaches that ...

**Accelerate Recovery**

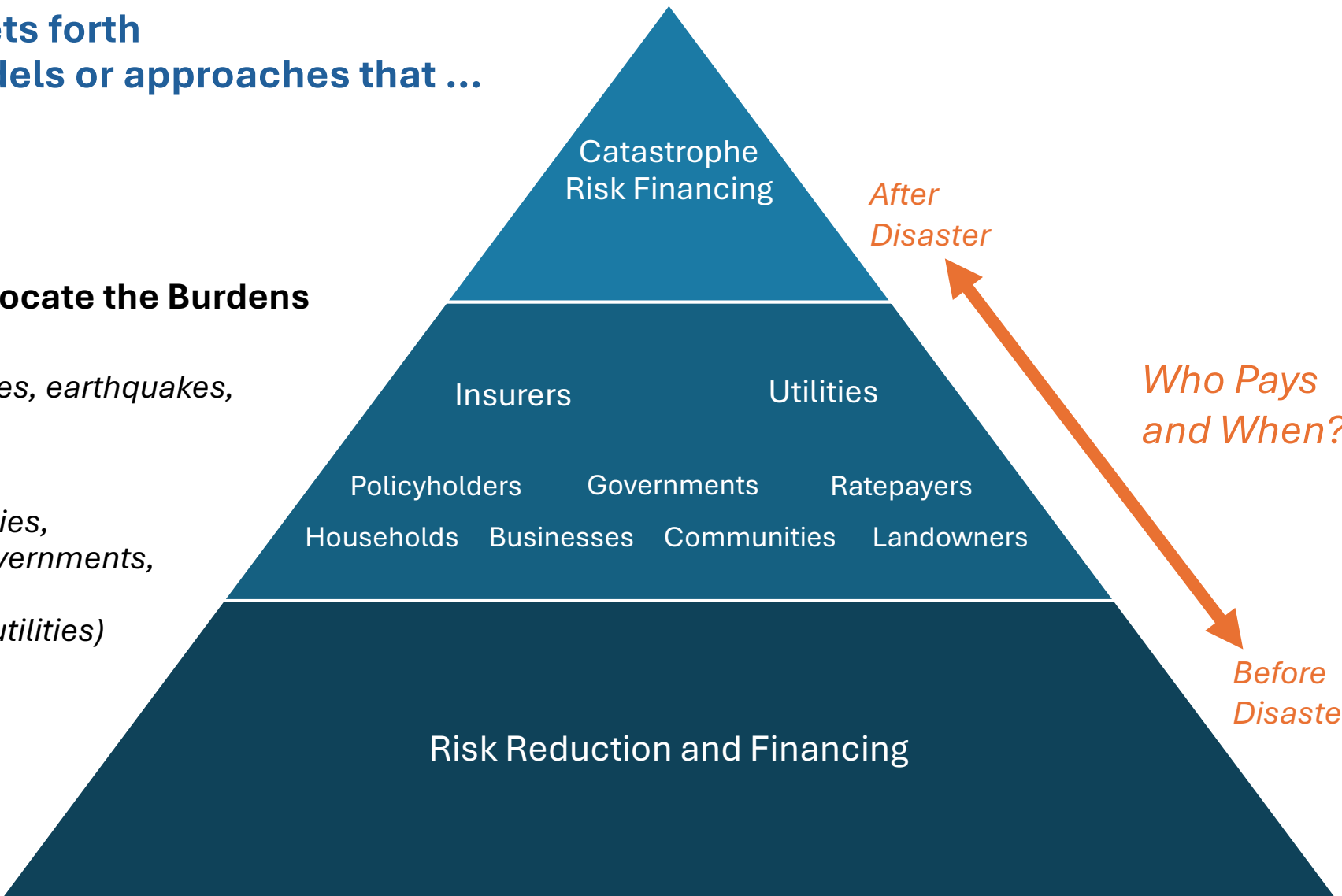
**Responsibly and Equitably Allocate the Burdens from Natural Catastrophes**

*(Including catastrophic wildfires, earthquakes, and other natural disasters)*

**across Stakeholders,**

*(including insurers, communities, homeowners, landowners, governments, electrical corporations, and local publicly owned electric utilities)*

**Mitigate Damage**



... to complement or replace the Wildfire Fund.”

**“A report that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes, including catastrophic wildfires, earthquakes, and other natural disasters, across stakeholders, including insurers, communities, homeowners, landowners, governments, electrical corporations, and local publicly owned electric utilities, to complement or replace the fund.”**

**Report preparation and submission to the Legislature, and to the Governor, on or before April 1, 2026**

**Responsible State Agencies/Departments**

California Earthquake Authority, in its capacity as the Wildfire Fund Administrator, in consultation with:

- California Public Utilities Commission (CPUC)
- California Department of Insurance (CDI)
- California Department of Forestry and Fire Protection (CALFIRE)
- Office of Energy Infrastructure Safety (OEIS)
- California Governor’s Office of Emergency Services (Cal OES)

**Feedback solicited from stakeholders including, but not limited to:**

- Ratepayer advocates,
- Insurance policyholder advocates,
- Electrical corporations,
- Insurance companies, and
- Claimant attorneys



“Report shall include specific recommendations (including, but not limited to) on all of the following...”

1. **Accessibility and affordability of property insurance** in light of the accelerating costs of climate change-induced and other natural catastrophes.

2. **Evaluation of alternative structure to social risk of damage from catastrophes**, that most efficiently and expeditiously compensates those harmed, while maintaining accessibility to property insurance and access to safe, affordable, reliable energy.

3. **Additional mitigation measures and technology solutions** to reduce ignition risk, spread, and damage from wildfires.

4. **Financing, insurance and other mechanisms to expedite recovery** for communities impacted by natural catastrophes and expedite compensation for property loss.

5. **Additional measures to benefit ratepayers** through reducing costs caused by fiscal uncertainty while holding electrical corporations accountable for improving safety and reducing the risk of catastrophic wildfires.

6. **Options for enactment of streamlined, low-cost mechanism** to provide injured parties full compensation **for wildfire damages**.
7. **Analysis of potential benefits and negative impacts related to reasonable limitations on changes to recoveries in wildfire litigation** arising from ignitions caused by electrical and gas utility infrastructure, including restrictions on recovery of attorney’s fees, and limitations on economic/noneconomic damages, including claims by insurers, public entity claims, claims outside fire perimeter, and aggregate limitation on liability per event.

8. **Options for enactment of programs to reduce risk of wildfire spread/catastrophe**, including improved state and local catastrophic event response capability, home fire risk reduction standards, vegetation management practices and community wide wildfire hardening requirements.

9. **Options for reducing economic damage from wildfires and potentially other catastrophic disasters**, including minimum insurance requirements, insurance rates that account for home hardening, special assessment to support infrastructure investments and emergency response, and land use planning.

10. **Options for new models to complement or replace the Wildfire Fund**, such as state supported property re/insurance for wildfires and potential catastrophic natural disasters, a mutual wildfire insurance fund, a publicly supported financial safety net to enhance long-term resilience and utility and insurance rate affordability; and improvements to the Fund durability.

SB254 charges CEA, in its capacity as the Wildfire Fund Administrator, to prepare the study in consultation with:

- California Public Utilities Commission (CPUC)
- California Department of Insurance (CDI)
- California Department of Forestry and Fire Protection (CALFIRE)
- Office of Energy Infrastructure Safety (OEIS)
- California Governor’s Office of Emergency Services (Cal OES)

Governor’s Executive Order (N-34-25) states:

“Immediate action is needed to ensure that the CEA has the information needed from state agencies to develop the report and submit it on time.”

	CALFIRE	OIES	Cal OES	CPUC	CDI
1. Accessibility and affordability of property insurance.					X
2. Evaluation of alternative structure to social risk of damage from catastrophes.				X	X
3.Additional mitigation measures and technology solutions.	X	X		X	X
4. Financing, insurance and other mechanisms to expedite recovery .	X		X	X	X
5. Additional measures to benefit ratepayers through reducing costs.		X		X	
6. Options for enactment of streamlined, low-cost compensation mechanism for wildfire damages.	X			X	X
7. Analysis of potential benefits and negative impacts on homeowners related to recoveries in wildfire litigation.	X			X	X
8. Options for enactment of programs to reduce risk of wildfire spread/catastrophe.	X	X	X	X	X
9. Options for reducing economic damage from wildfires and potentially other catastrophic disasters.	X		X	X	X
10. Options for new models to complement or replace the Wildfire Fund.		X		X	X

Financing Catastrophic Recovery

- New models to complement or replace the Wildfire Fund
2. Evaluation of alternative structure to social risk of damage from catastrophes
4. Financing, insurance and other mechanisms to expedite recovery
10. Options for new models to complement or replace the Wildfire Fund

Property Insurance

- Insurance accessibility and affordability enhancements
1. Accessibility and affordability of property insurance.
6. Options for enactment of streamlined, low-cost compensation mechanism for wildfire damages.

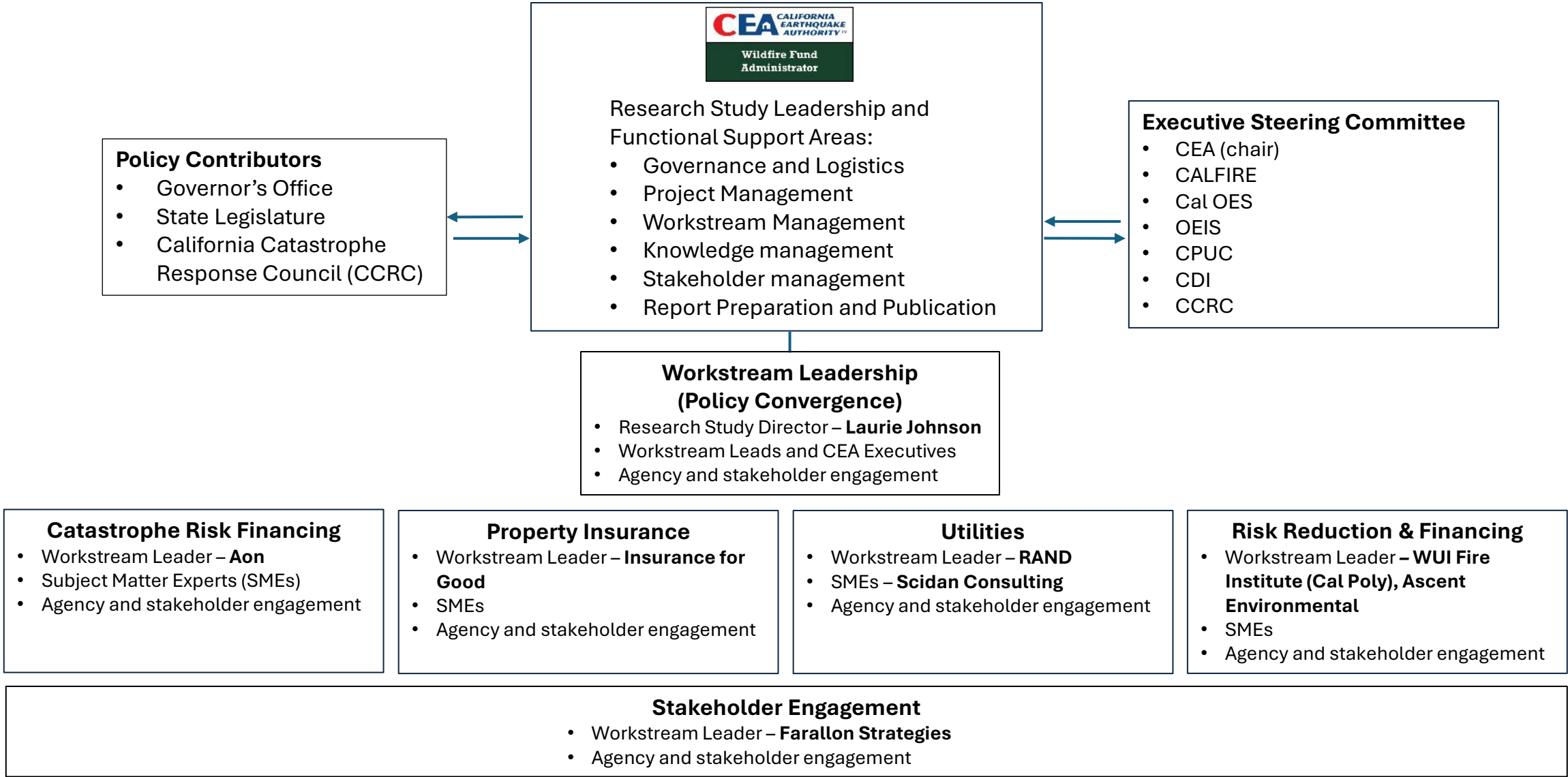
Utilities

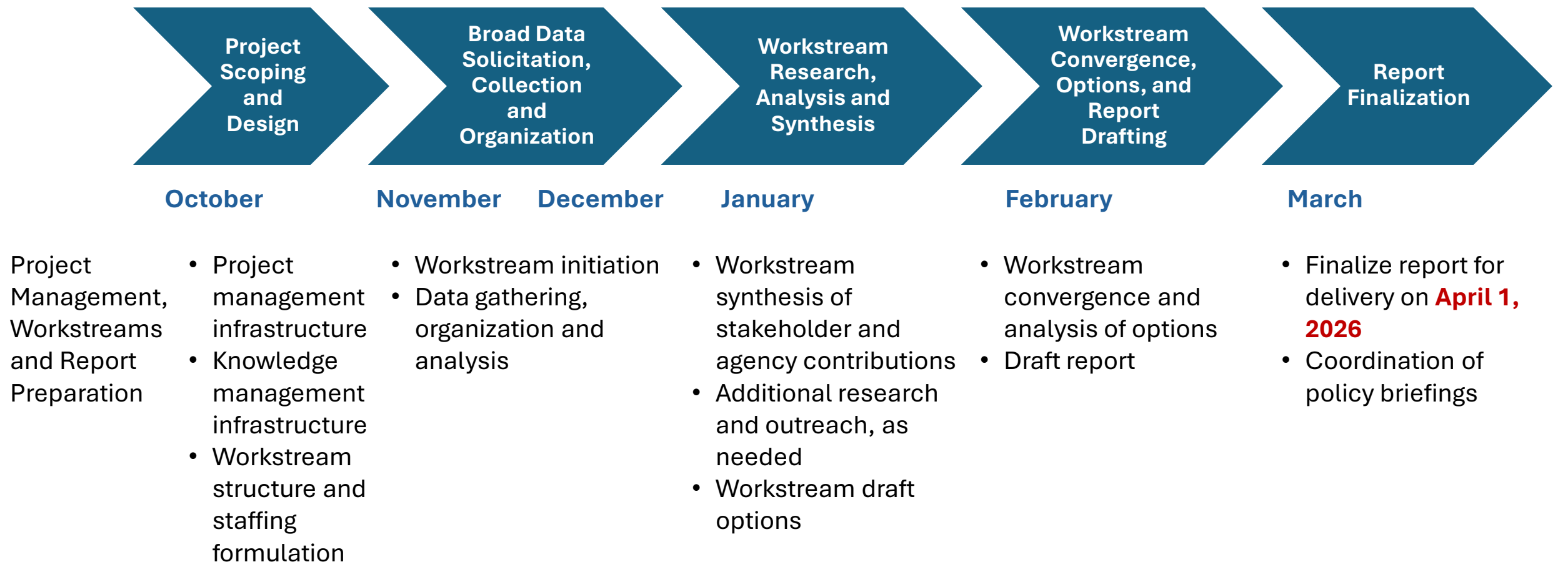
- Reducing ratepayer uncertainty and risk
  - Consider electric and gas utility caused wildfires
7. Analysis of potential benefits and negative impacts related to reasonable limitations on changes to recoveries in wildfire litigation
5. Additional measures to benefit ratepayers through reducing costs

Risk Reduction and Financing

- Fire management
  - Home and community hardening (wildfire + other perils)
  - Communitywide risk reduction
9. Options for reducing economic damage from wildfires and potentially other catastrophic disasters
8. Options for enactment of programs to reduce risk of wildfire spread/catastrophe
3. Additional mitigation measures and technology solutions







## Part 3 Opportunities to Engage

CEA is committed to gathering and reflecting deep and wide input. But, the overall timeline is legislatively mandated and there’s a lot to do before April 1, 2026.

In support of robust engagement, CEA has defined multiple engagement approaches with different roles with varied pathways and timing.

Role	Description	Pathway / Timing
Stakeholders	Relevant experts identified by workstream leads; and  Legislative mandated participants: <ul style="list-style-type: none"><li>• <i>Ratepayer advocates,</i></li><li>• <i>Insurance policyholder advocates,</i></li><li>• <i>Electrical corporations,</i></li><li>• <i>Insurance companies, and</i></li><li>• <i>Claimant attorneys</i></li></ul>	<ul style="list-style-type: none"><li>• Workstream leaders identified SMEs and conducting outreach; or,</li><li>• Workstreams review submissions and follow-up as needed; <b><u>Submit content by 12/12;</u></b></li></ul>
Interested Parties	Any others who want to weigh in on content and findings	<ul style="list-style-type: none"><li>• <b><u>Submit content by 12/12</u></b></li><li>• Participate in webinars in early February and provide feedback and Early March</li></ul>
Observers	Those who want to be kept informed	<ul style="list-style-type: none"><li>• <b><u>Sign up to receive study updates</u></b></li></ul>

Submit content and sign-up to receive updates at the CWF website:  
<https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>

*Sign-up to receive updates at:*  
<https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>



November      December      January      February      March

OPPORTUNITIES  
FOR  
INPUT

Call for contributions by 12/12	Targeted stakeholder engagement by workstream	Targeted stakeholder engagement on options	Targeted stakeholder feedback as report is finalized
<b>Informational Webinar 1</b> Project Overview <i>Open to the public</i> <i>December 12, 2025</i>		<b>Informational Webinar 2</b> Key Themes Discussion <i>Open to the public</i> <i>Early February</i>	<b>Informational Webinar 3</b> Feedback on Draft Findings <i>Open to the public</i> <i>Early March</i>

*In conjunction with each webinar, CEA will provide opportunities to share input.*  
*Dates for future webinars will be posted on the California Wildfire Fund website by January 9<sup>th</sup>.*

Sign-up and submit contributions at:  
<https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>



- Open Call for Contributions launched Oct 1, 2025
- Proposed recommendations due by Nov 3, 2025. 44 submissions received as of 12/9/25.
  - Final submissions due by Dec 12, 2025.**
  - CEA logs and reviews all submissions, before posting to the website or accepted for publication with the Study report.
- Materials that contain any overt political statements, commercial content, inflammatory tone, and other inappropriate material, as determined by CEA in its sole discretion, will not be accepted.

- Study Updates
- Interested parties can register for updates. 200 interested parties as of 12/9/25.
  - Updates will be provided on the CEA website.

- Study Questions
- Please email: [SB254Questions@calquake.com](mailto:SB254Questions@calquake.com)
  - FAQ available on the website.

### Background

Climate change is driving an increase in the frequency and severity of extreme weather events globally and in California, including heatwaves, droughts, flooding, and a significant increase in the incidence and severity of catastrophic wildfires. These extreme weather events impose profound risks to public health, natural resources, infrastructure, and California's economy.

To address this emerging climate-fueled economic crisis, California must evaluate new models to equitably socialize risk that balance the state's goals of providing Californians with safe, affordable, and reliable energy, maintaining progress toward the state's climate goals, stabilizing the insurance markets to protect both insurance access and affordability, mitigating the incidence of and harm from wildfires and other disasters, and providing swift and fair compensation to those harmed.

### Senate Bill 254

The California Legislature passed and Governor Gavin Newsom signed SB254, which requires a comprehensive assessment to analyze and develop long-term reforms that protect access to insurance, reduce litigation costs, provide fair and expeditious compensation to claimants, support wildfire mitigation, safety, and community resilience, and ensure large electrical corporations are accountable for safety and also have the financial health to attract low-cost capital on behalf of ratepayers.

### Governor Newsom's Executive Order

California Governor Gavin Newsom issued his [Executive Order \(N-34-25\)](#) on September 30, 2025, to launch the next phase of his "whole-of-government response" to the economic and insurance consequences of the climate crisis and to direct robust governmental participation in the SB 254 Study.

The Governor's [press release](#) regarding this Executive Order contains additional information regarding his administration's collaborative support of the SB 254 study.

### Next Steps

The California Earthquake Authority (CEA), in its capacity as Administrator of the California Wildfire Fund will oversee the preparation of the assessment (study) and seeks input from the stakeholder community. Planning and logistics have begun, and CEA is required to deliver a report on the study to the Legislature and Governor by April 1, 2026. Upon completion and delivery, the report on the natural catastrophe resiliency study will be published on this page.

We look to relevant stakeholders and subject matter experts as important contributors to the study. To support this effort, please email us your input to [SB254input@calquake.com](mailto:SB254input@calquake.com).

### Request for Stakeholder Contributions

[Request for Stakeholder Contributions](#) (PDF)

### Additional Resources

To sign-up for updates, please fill out the form below.

FIRST NAME *	LAST NAME *
<input type="text"/>	<input type="text"/>
EMAIL *	CONFIRM EMAIL *
<input type="text"/>	<input type="text"/>
APPLICATION *	INTEREST AREA
<input type="text"/>	<input type="text"/>

SUBMIT

## Part 4 Q&A





## Part 5

# Closing and Next Steps



**We have an explicit legislatively mandated deadline of April 1, 2026, but we are committed to robust engagement and input into the study. We aim to provide the Legislature and the Governor with options that are:**

- Actionable
- Viable
- Durable

**Key Next Steps**

- Contributions
  - Submit by Dec 12, 2025, to <https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>
- Updates
  - Signup at <https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>
  - Dates for Informational Webinars #2 and #3 will be provided on the website by Jan 9, 2026
- Questions
  - Email: [SB254Questions@calquake.com](mailto:SB254Questions@calquake.com)

# **SB 254 Natural Catastrophe Resiliency Study**

**Thank you for attending this meeting!**

SB 254 Study website: <https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>

Submissions: [SB254Input@calquake.com](mailto:SB254Input@calquake.com)

Questions: [SB254Questions@calquake.com](mailto:SB254Questions@calquake.com)

Phone: (916) 661-5586 (Direct)  
(877) 797-4300 (Toll free)