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S&P Sustainability Insights: Update On California Climate Risks And Reference Guide

(**Editor's Note**: In the past several years, S&P Global Ratings has published numerous commentaries about how climate risks, especially those related to wildfires in California, affect credit quality, in addition to rating actions on California entities affected by these risks. This article provides a comprehensive list of those reports.)

This report does not constitute a rating action.

Climate Risks Are Elevated In California
California is broadly exposed to a wide range of credit risks stemming from the physical impacts of climate hazards. Acute physical climate risks in the state may include wildfires and flooding, while chronic risks can include drought, extreme heat, flooding, hydrological volatility, earthquakes, and sea level rise.

S&P Global Ratings views wildfires as the most material climate hazard affecting credit ratings in California. Wildfires have led to defaults, bankruptcies, and downgrades on electric utilities, insurance companies, and local governments. The frequency and severity of California wildfires are rising significantly, with 15 of the 20 most destructive wildfires occurring in the past 10 years, according to Cal Fire.

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