

# From Risk Assessment To Risk Management

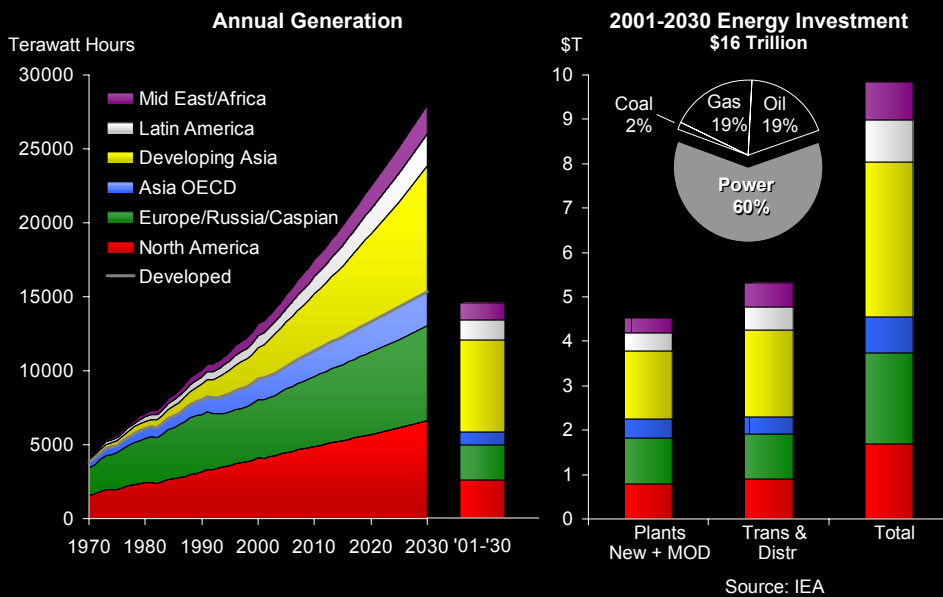


BIAC discussion points

EPOC on the costs of inaction  
14-04-2005

B.Kelecom  
BIAC Energy Committee Vice Chair

## \$10 Trillion Electricity Investment Required



Energy required for economic development, poverty alleviation

## ***Climate Change and Business***

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Take Climate Change seriously, key engaged player

- A growth challenge
- A global challenge
- A long term challenge
- A technology challenge

## ***Risk Management Framework to Address Climate Change***

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### **Risks from Climate Change:**

**To:** Society & Ecosystems

**From:** Changes in temperature  
Changes in hydrology  
Changes in storms  
Sea level rise  
Abrupt climate change

### **Potential Response Options:**

**Policies:** Targets (Cap & Trade)  
Carbon Taxes  
Efficiency Standards  
Incentives (investment, R&D)  
Mandates (fuels, technology)  
Adaptation

**Changes:** Behavior  
Technology  
Investment

## ***Risk Management Framework to Address Climate Change***

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### **Risks from Climate Change:**

Ongoing scientific uncertainty:  
Future emissions  
Climate sensitivity  
Timing of climate change  
Consequences for ecosystems  
Role of natural variability  
Other environmental stresses

### **Potential Response Options:**

Differences of view regarding:  
Policy choice  
Effectiveness  
Costs  
Fairness  
Associated consequences  
Pace and way forward

**Critical dilemma: how to address climate risks now and in the future, recognizing society's growing demand for energy—especially in developing countries**

## ***Risk Management should drive effective actions***

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OECD is uniquely capable of evaluating complex policy decisions, with economic and social as well as environmental aspects

- Recognize uncertainties of base assumptions, risk of oversimplification
- OECD should strive to conduct analyses that render fullest picture as possible
- OECD should place emphasis on action, cost effective implementation
- OECD should consider how to encourage the enabling frameworks that will attract the investments and build the necessary capacities

## ***Prioritized Actions paced with Risk assessment***

