

UT Law Conference

Renewable Energy

January 2018



Weather Risk Management



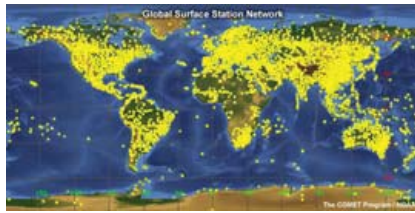
Weather risk refers to earnings or budget volatility caused by variable weather expressed as an objective index



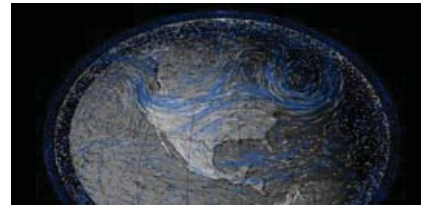
Weather risk management involves buying a financial protection product based on that same index which helps mitigate this volatility



GROUND OBSERVATIONS



SATELLITE DATA



INDEPENDENT, QUALITY-CONTROLLED SETTLEMENT DATA

| | |
|------------------|---------------|
| Temperature | Precipitation |
| Snowfall | Hurricanes |
| Solar Irradiance | Wind Speed |
| River Depth | Wave Height |

HIGH-QUALITY WEATHER DATA, AVAILABLE ACROSS THE WORLD AND PROVIDED BY GOVERNMENT WEATHER AGENCIES AND PRIVATE ORGANIZATIONS, CAN BE USED FOR BOTH HISTORICAL MODELING AND TRANSACTION SETTLEMENT.

Key Industries Exposed to Weather Risk

There is increasing interest for structured protection from buyers in a variety of industries exposed to variable weather:

- ❖ **Agriculture** Crop yield, handling, storage, pests
- ❖ **Construction** Delays, incentive/disincentive clauses
- ❖ **Energy (Traditional)** Fluctuating demand
- ❖ **Energy (Renewable)** Fluctuating supply
- ❖ **Entertainment** Postponements, reduced attendance
- ❖ **Food & Drink** Reduced demand, increased raw material costs
- ❖ **Governments** Budget overruns
- ❖ **Insurance** Increased claims
- ❖ **Manufacturing** Reduced demand, increased raw material costs
- ❖ **Retailing** Reduced demand of weather-sensitive products
- ❖ **Transportation** Budget overruns, delays

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Title search: Innovative Insurance and Risk Management Products and Emerging Trends in the Renewables Sector

Also available as part of the eCourse

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First appeared as part of the conference materials for the
2018 Renewable Energy Law session

"Innovative Insurance and Risk Management Products and Emerging Trends in the
Renewables Sector

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