

# UT Law Conference

Renewable Energy

January 2018



## Weather Risk Management

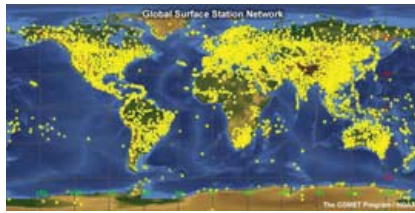


Weather risk refers to earnings or budget volatility caused by variable weather expressed as an objective index

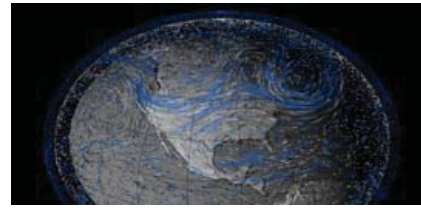
Weather risk management involves buying a financial protection product based on that same index which helps mitigate this volatility



## 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

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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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