

STATE ENERGY RISK ASSESSMENT INITIATIVE

ENERGY INFRASTRUCTURE MODELING AND ANALYSIS

National Association of State Energy Officials

2015 Energy Policy Outlook Conference

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FACTORS MOTIVATING THE INITIATIVE

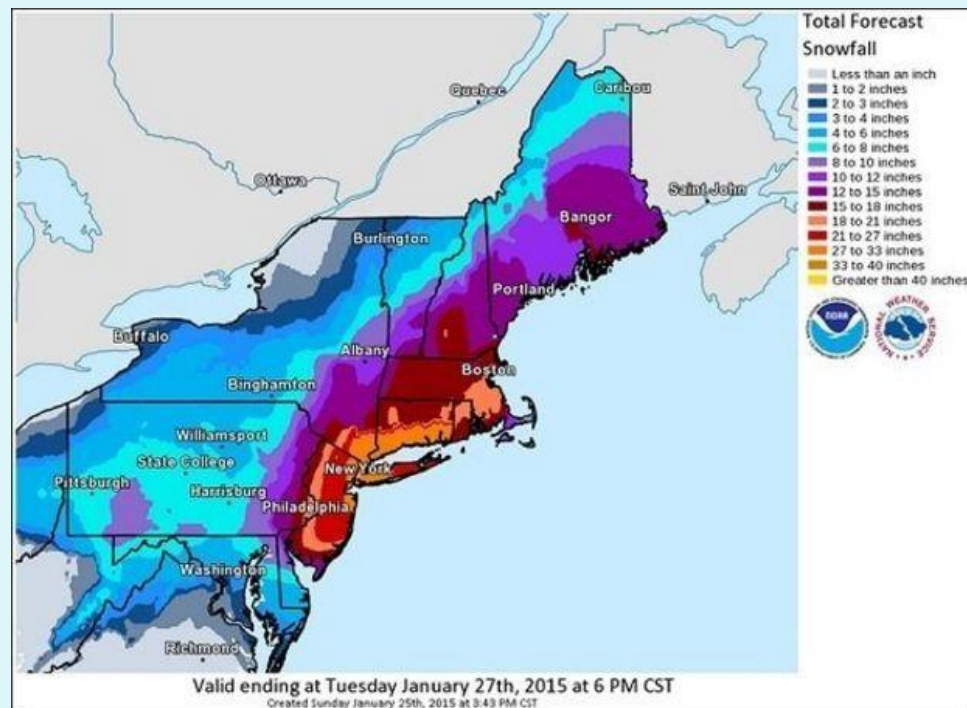
- The interdependent nature of energy and other lifeline infrastructures
- A growing awareness of the ever-emerging threats and hazards to energy systems and infrastructure
- The complex challenge of information sharing and coordination among federal, state and local agencies, asset owners and operators, and the private sector
- Limited resources (staff, budget, and time) for development of risk assessment processes and capabilities at State level
- Apparent lack of scalable, quantitative tools and processes that can be applied simply
- To create a common understanding and awareness of risk and how risk analysis and assessment can inform decision making

BASELINE ASSUMPTIONS

- Improving States' understanding of energy system requirements (dependencies, interdependencies, and single points of failure), and capabilities will better enable States to prepare for, mitigate against, respond to and recover from energy system disruptions.
- Public and private entities face energy continuity risks arising from systems that they may not own or control.
- A State's ability to assess the risks to any given system or asset may be limited by the asset owner's willingness to share information.
- System and asset owners may have concerns about the State's ability to safeguard information.

TECHNICAL, ECONOMIC, AND POLICY QUESTIONS

- What is likelihood of customers losing power?
- How many customers will lose power?
- What would be the likely length of the outage?
- What energy assets could be impacted?
- What is the scope of impact to the electric transmission system? Distribution system? Generators? Customers? Lifeline infrastructure?
- What is the scope of impact to NG and Petroleum assets?
- Are there downstream effects or interactions?



**Winter Storm Forecast Snowfall
January 2015**

STATE ENERGY RISK ASSESSMENT INITIATIVE

- **Initiative members:** DOE, NCSL, NASEO, NARUC, and NGA
- **Goals:**
 - Increase States' awareness of risk considerations relating to energy systems and infrastructure to better prepare them to make more informed decisions
 - Inform and assist States on available analytical capabilities and resources for identifying and evaluating energy infrastructure risks
 - Provide a suite of scalable, easily-applied analytical tools, methods, and processes to enable States to better assess risks to energy systems and assets

KEY OBJECTIVES AND ACTIVITIES

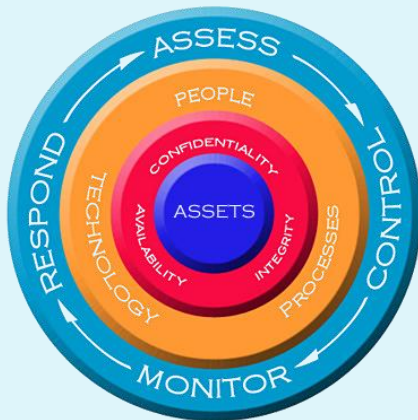
- **Determine State energy risk assessment needs**
 - Conduct focused, targeted interviews with key State representatives who are involved in evaluation of risk-related activities
 - Identify key stakeholders that are critical to success and identify partnership gaps
- **Assess current practices in State-level energy risk analysis**
 - Conduct review of Energy Assurance Plans (EAPs) to determine and summarize extent of States' risk-related activities
 - Summarize and identify current common practices
 - Identify jurisdictional priorities
- **Identify tools, methods, and processes to evaluate risk related to energy assets and systems**
 - Identify readily available, low or no-cost, best-of-breed risk categorization and visualization , and assessment tools
- **Engage with key stakeholders (across entire risk analysis development cycle) to enhance information sharing and collaboration**

ONGOING EFFORTS AND NEXT STEPS

- Conducted a Utility Investment and Resiliency Simulation exercise (NARUC)
- Surveying State Homeland Security Advisors and Governors' Energy Advisors regarding how energy risk evaluation is performed, including the role of the THIRA process (NGA)
- Established a State Risk Assessment Working Group of State energy experts to determine common practices, available data, and overall state risk assessment needs (NASEO)
 - Conducting monthly calls and producing a risk taxonomy
- Workshop/webinar for legislators in collaboration with Governors' offices and Energy/PUC officials (NCSL)
- Research and gap analysis on risk assessment in State Energy Assurance Plans
- Research and development of State energy risk assessment tool kit with list of tools, processes, methodologies and resources that States can utilize
- State Energy Risk Assessment Initiative Workshop, April 28-29, 2015

BENEFITS OF INITIATIVE

- Identifying States' risk management process and conducting energy risk assessments within a consistently applied overarching risk management framework provides the following:
 - Improves risk assessment, awareness, and develops a risk management culture among State entities;
 - Promotes defensible investment and mitigation decisions; and
 - Integrates energy risk assessment into existing State energy assurance plans and processes.



THANK YOU!

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