Kentucky's Approach to Risk Assessment

KENTUCKY OFFICE OF ENERGY POLICY

APRIL 4, 2023



Focus Programs for OEP

Kentucky ESF-12

Risk Overview

Tools to Use



Kentucky ESF-12

Kentucky ESF-12 responsibilities are shared between the Kentucky Office of Energy Policy (OEP) and the Kentucky Public Service Commission.

We are housed in the Kentucky Energy and Environment Cabinet which allows for coordination with ESF 3 and 10 along with Forestry and Natural Resources.

Kentucky ESF-12 success revolves around risk awareness, situational awareness, "staying one step ahead of an impact", planning integration, and relationships.

- Understanding interdependencies
- Response is relationships

We couldn't get through many of our activations without coordination through NASEO, DOE, and our ESF colleagues in other states.



Where's KY ESF-12 working?

Right now, we are in the realm of risk awareness and some vulnerability assessments

https://www.ready.gov/risk-assessment

Hazards

- Fire
- Explosion
- · Natural hazards
- Hazardous materials spill or release
- Terrorism
- · Workplace violence
- · Pandemic disease
- Utility outage
- Mechanical breakdown
- Supplier failure
- Cyber attack

Assets at Risk

People

Probability & Magnitude

- Property including buildings, critical infrastructure
- Supply chain
- Systems/equipment
- · Information Technology
- · Business operations
- Reputation of or confidence in entity
- Regulatory and contractual obligations
- Environment

Impacts

- Casualties
- · Property damage
- · Business interruption
- · Loss of customers
- Financial loss
- Environmental contamination
- Loss of confidence in the organization
- · Fines and penalties
- Lawsuits

Impact Analysis



Hazard Identification

Vulnerability Assessment

Step #1: Finding Your Risks

State of Kentucky ENERGY SECTOR RISK PROFILE





Kentucky State Facts



HOUSING UNITS 2.00 M



ENERGY EMPLOYMENT: 42,797 jobs
PUBLIC UTILITY COMMISSION: KY Public Service Commission
STATE ENERGY OFFICE: KY Energy and Environment Cabinet
EMERGENCY MANAGEMENT AGENCY: KY Emergency

AVERAGE ELECTRICITY TARIFF: 8.52 cents/kWh ENERGY EXPENDITURES: \$3,893/capita ENERGY CONSUMPTION PER CAPITA: 372 MMBtu (15th highest of 50 states and Washington, D.C.) GDP: \$208.1 billion

Data from 2020 or most recent year available.

ANNUAL ENERGY CONSUMPTION

ELECTRIC POWER: 76,610 GWh COAL: 29,300 MSTN NATURAL GAS: 317 Bcf MOTOR GASOLINE: 48,100 Mbbl DISTILLATE FUEL: 22,700 Mbbl

ANNUAL ENERGY PRODUCTION

ELECTRIC POWER GENERATION: 57 plants, 71.8 TWh, 9.7 GW total capacity

Coal: 14 plants, 51.7 TWh, 13.5 GW total capacity Hydro: 10 plants, 4.2 TWh, 1.1 GW total capacity Natural Gas: 15 plants, 15.3 TWh, 8.5 GW total capacity Petroleum: 1 plant, 0.1 TWh, 0.0 GW total capacity Wind & Solar: 6 plants, 0.0 TWh, 0.0 GW total capacity Other sources: 11 plants, 0.4 TWh, 0.1 GW total capacity

COAL: 41,800 MSTN NATURAL GAS: 90 Bcf CRUDE OIL: 2,500 Mbbl ETHANOL: 900 Mbbl

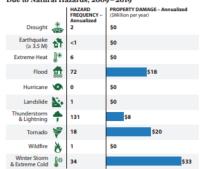
Data from EIA (2018, 2019).

This State Energy Risk Profile examines the relative magnitude of the risks that the state of Kentucky's energy infrastructure routinely encounters in comparison with the probable impacts. Natural and man-made hazards with the potential to cause disruption of the energy infrastructure are identified. Certain natural and adversarial threats, such as cybersecurity, electromagnetic pulse, geomagnetic disturbance, pandemics, or impacts caused by infrastructure interdependencies, are ill-suited to location-based probabilistic risk assessment as they may not adhere to geographic boundaries, have limited occurrence, or have limited historic data. Cybersecurity and other threats not included in these profiles are ever present and should be included in state energy security planning. A complete list of data sources and national level comparisons can be found in the Data Sources document.

Kentucky Risks and Hazards Overview

- The natural hazard that caused the greatest overall property loss between 2009 and 2019 was Winter Storms & Extreme Cold at \$33 million per year (7th leading cause nationwide at \$418 million per year).
- Kentucky had 305 Major Disaster Declarations, o Emergency Declarations, and 5 Fire Management Assistance Declarations for 11 events between 2013 and 2019.
- Kentucky registered 14% fewer Heating Degree Days and 23% greater Cooling Degree Days than average in 2019.
- · There is 1 Fusion Center located in Frankfort.

Annualized Frequency of and Property Damage Due to Natural Hazards, 2009 – 2019



Data Sources: NOAA and USGS



State and County Plans



2022 FRANKLIN COUNTY/CITY OF FRANKFORT HAZARD MITIGATION PLAN

BLUEGRASS AREA DEVELOPMENT DISTRICT



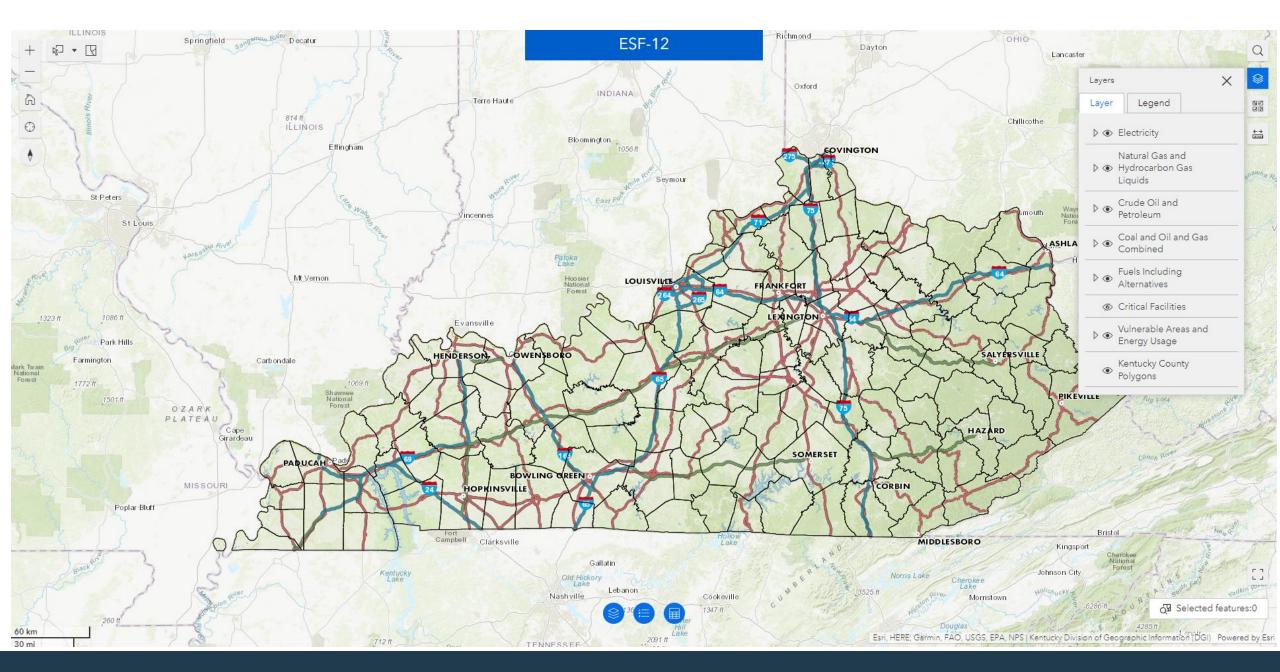
Step #2: Mapping your Infrastructure and Critical Interdependencies

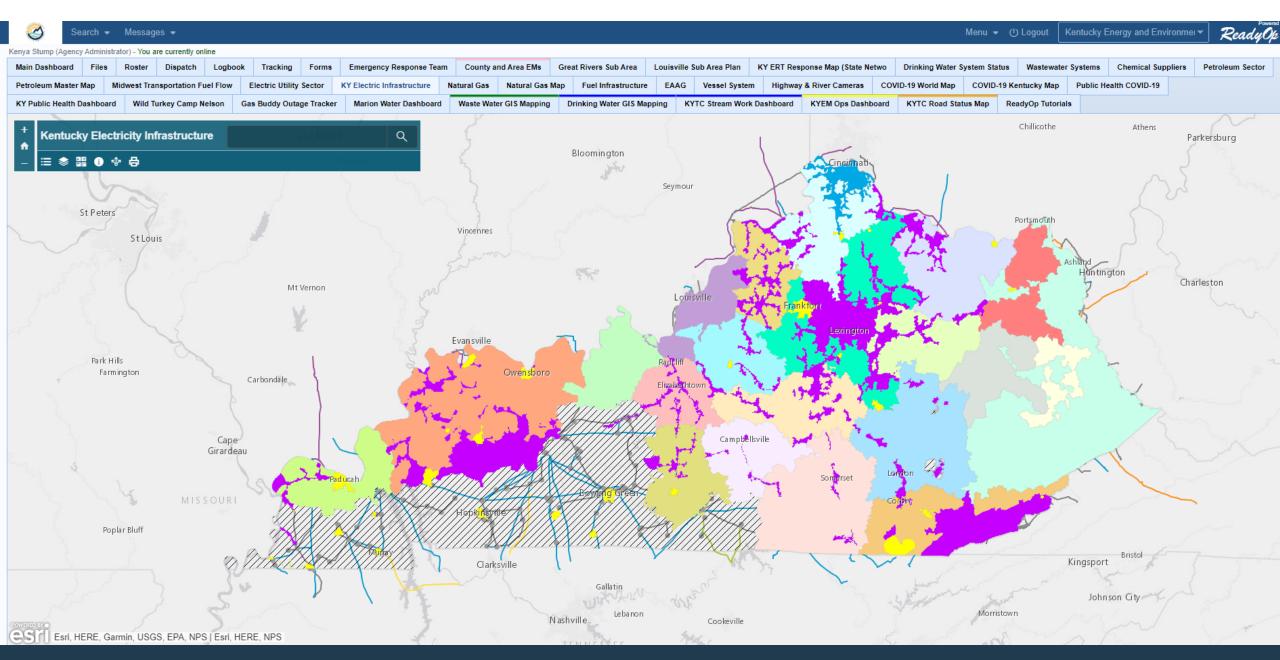
We are a GIS office.

- EIA Energy Atlas
- HFLID Resources

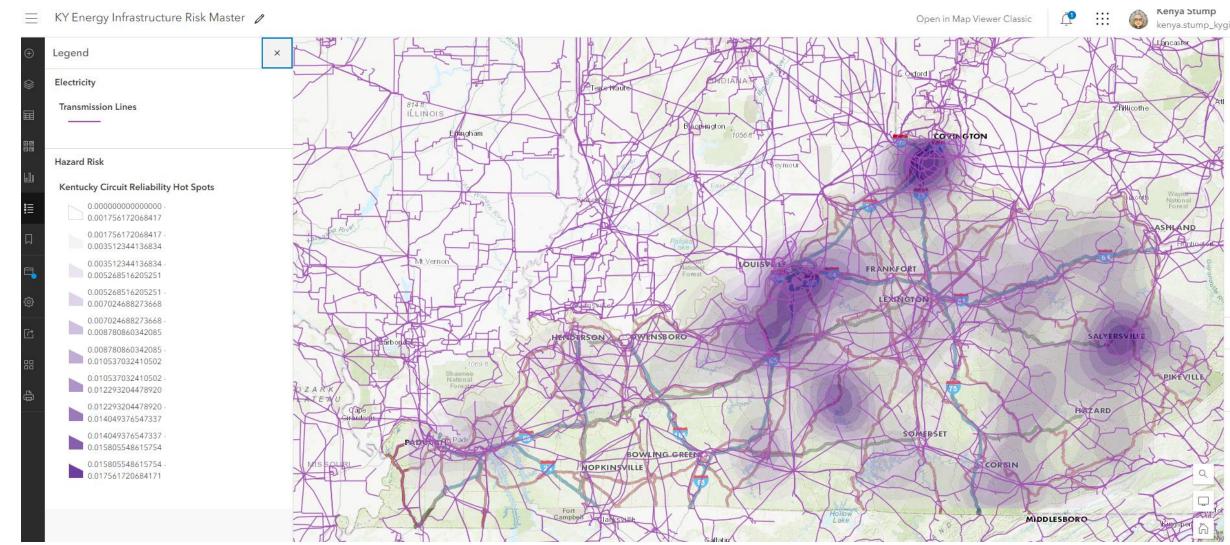
ReadyOp allows for sharing across various ESFs of critical information

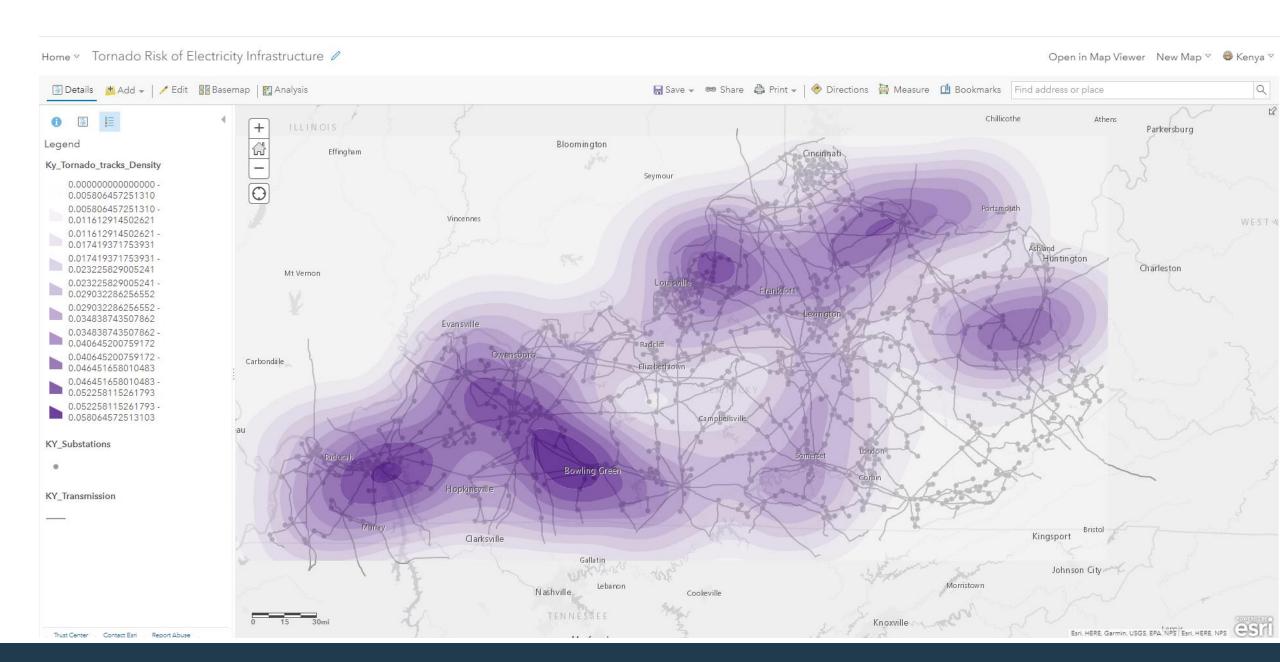




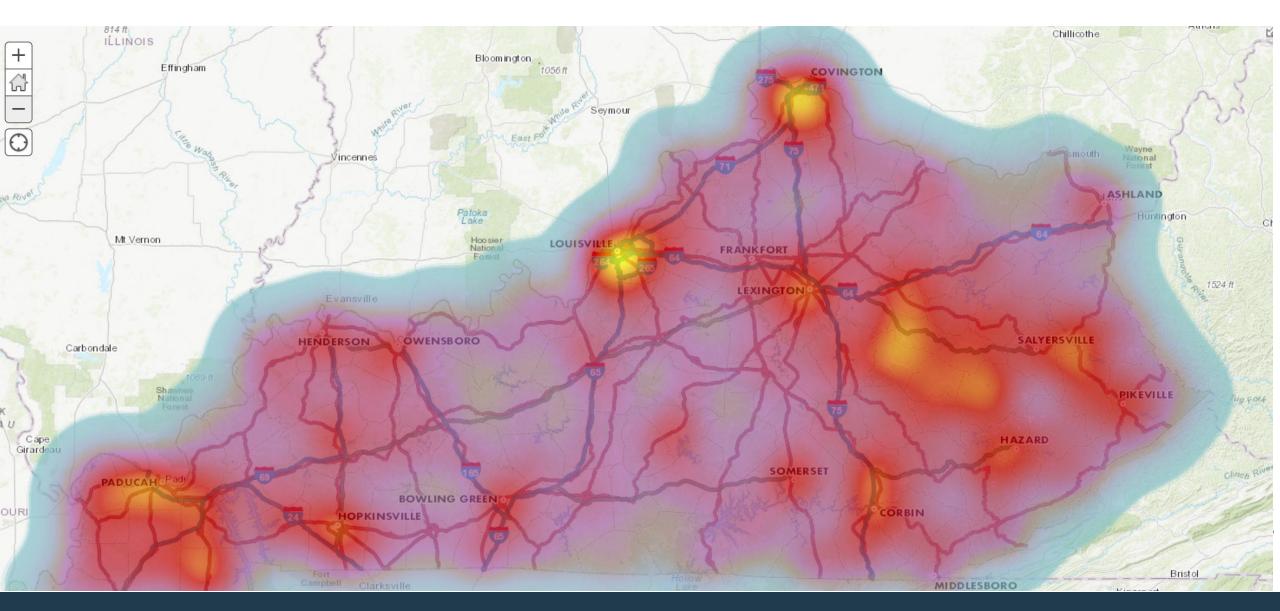


Step #3: GIS Overlaying Risk Layers

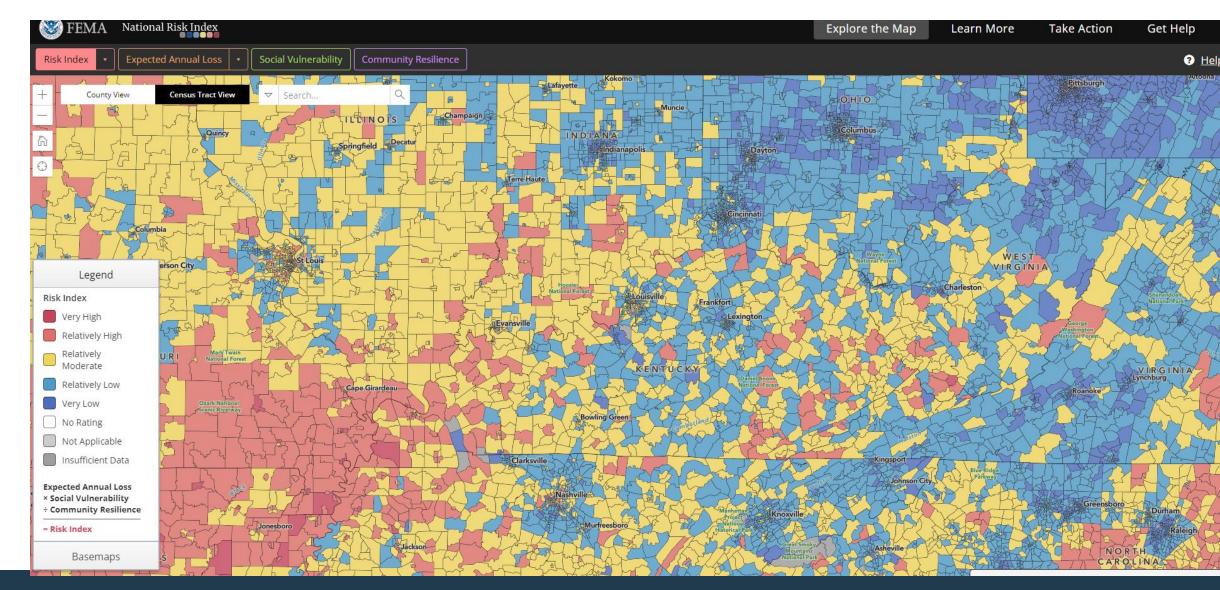


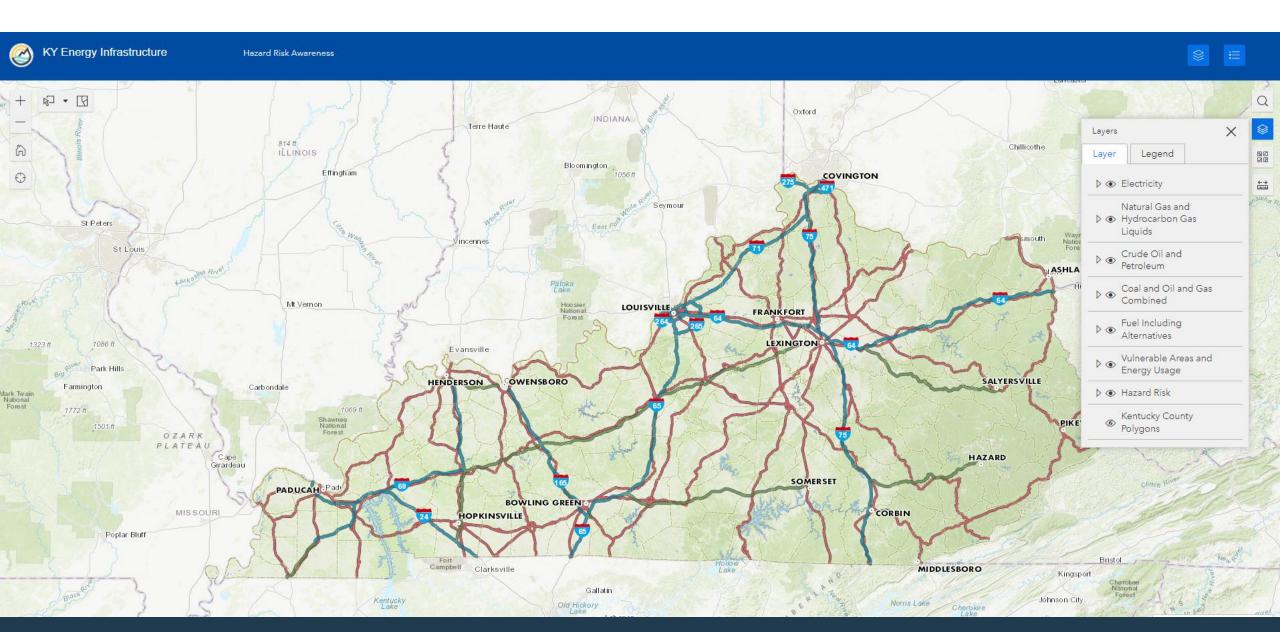


Heat Map of NOAA Storm Events 1950-2019



FEMA National Risk Index





Other Tools

Climate Mapping for Resilience and Adaptation

https://resilience.climate.g ov/#assessmenttool%A0%3C%A0Cautionhttps://resilience.climate.g ov/#assessmenttool%A0%3E

NOAA Disaster and Risk Mapping

https://www.ncei.noaa.gov
/access/billions/mapping

Summary Stats

Return billion-dollar weather and climate statistics for an area of interest over a selected period of time.



 † Deaths associated with drought are the result of heat waves. (Not all droughts are accompanied by extreme heat waves.)

Flooding events (river basin or urban flooding from excessive rainfall) are separate from inland flood damage caused by tropical cyclone events.

The confidence interval (CI) probabilities (75%, 90% and 95%) represent the uncertainty associated with the disaster cost estimates. Monte Carlo simulations were used to produce upper and lower bounds at these confidence levels (Smith and Matthews, 2015).



Select Time Period Comparisons of Kentucky Billion-Dollar Disaster Statistics (CPI-Adjusted)

Time Period	Billion-Dollar Disasters	Events/Year	Cost	Percent of Total Cost
1980s (1980-1989)	9	0.9	\$2.0B-\$5.0B	19.4%
1990s (1990-1999)	11	1.1	\$1.0B-\$2.0B	8.1%
2000s (2000-2009)	21	2.1	\$5.0B-\$10.0B	25.3%
2010s (2010-2019)	24	2.4	\$5.0B-\$10.0B	27.8%
Last 5 Years (2018-2022)	15	3.0	\$2.0B-\$5.0B	20.8%
Last 3 Years (2020-2022)	13	4.3	\$2.0B-\$5.0B	19.4%
Last Year (2022)	5	5.0	\$1.0B-\$2.0B	4.8%
All Years (1980-2022)	78	1.8	\$20.0B-\$50.0B	100.0%