

Information Report
on
the International Conference
“RISK MANAGEMENT LEADERS IN ENERGY -2018”
15-16 May, 2018, Istanbul, Turkey

The International Conference "Risk Management Leaders in Energy-2018" (the Conference) was held with support of the Ministry of Energy of the Russian Federation in Istanbul (Turkey) at the Hilton Istanbul Bomonti Hotel & Conference Center on May 15-16, 2018. The event was organized by the “Institute for Energy and Finance“(IEF) from Russia in collaboration with the “Institute of Risk Management“ (IRM) from the UK and the IRM Regional Working Group (Turkey).

The Conference was also supported by the Organization of the Black Sea Economic Cooperation (BSEC) and included in BSEC’s Plan of Actions for 2018.



A comprehensive discussion of the risks in the modern world of energy and their governance at the international, regional, national and corporate levels; criteria for assessing the economic efficiency of risk management systems; the best international practices for risk management in the energy sector, using the Blockchain technologies as a catalyst for energy innovation, as well as ensuring industrial, informational and environmental safety in implementing projects in the Black Sea region in terms of unstable geopolitical situation, terrorist threat, economic sanctions, creation of new technologies for production of unconventional resources as well as volatile oil prices took place within the Conference.

**The first day of the Conference
May 15, 2018**

**Plenary Session
“Risks in the modern world of energy and their governance”**

A welcoming address to the guests and participants of the Conference was sent by H.E. Mr. Alexander Novak, Minister of Energy of the Russian Federation (the text of the Greeting is attached).

The Secretary General of BSEC PERMIS, Ambassador Michael B. Christides, was invited to address the audience with an opening speech, together with the Deputy Minister of Energy and Natural Resources of Turkey, Mr. Alparслан Bayraktar, the Deputy Minister of Energy of Russia, Mr. Anatoly Yanovsky and the Deputy Minister of Economy and Sustainable Development of Georgia, Mr. George Chikovani.



The main aim of the Conference was to provide a platform for an exchange of international experience in risk management - in the broadest sense of the term - and for an introduction of best practices in what concerns Energy Risk Management.

Specialists and stakeholders from many countries, among them also the President of the Black Sea Trade & Development Bank (BSTDB), Mr. Ihsan Ugur Delikanli and

Ms. Nicola Crawford, Immediate Past Chair IRM/ MD I-Risk Europe Ltd, UK actively participated in the various sessions of the event, which covered a wide spectrum of relevant issues. In his address, Ambassador Christides informed participants on the energy issues BSEC mainly deals with: Energy conservation, Energy efficiency and alternative sources of Energy. He pointed out that the “high-politics” concerning production, transport and distribution of oil or natural gas are beyond the competency of the BSEC Working Groups dealing with Energy matters.

He underlined that, as Energy risk-management, industrial, informational and ecological safety are issues that highly affect the every-day life of the average citizen in the wider Black Sea region, the BSEC Organization could perhaps offer valuable support to the solution of some of these problems, given the experience it has gained on the ground and the “culture of dialogue” that it was able to establish in the area.



He concluded by stating that BSEC is looking forward to the conclusions and possible recommendations of the Conference, because in our today’s ever more confusing world, with asymmetrical threats and new dangers like Cyber and Technology risks further aggravating the global Energy scene, we are obliged to be vigilant and attentive.

Mr. Alparslan Bayraktar, Deputy Minister of Energy and Natural Resources of the Republic of Turkey presented a comprehensive strategy for developing the national energy, aimed at reducing Turkey's dependence on energy imports and stressed the need for energy integration at the regional level.



Mr. Anatoly Yanovsky, Deputy Minister of Energy of Russia noted that in modern conditions a competent risk management, both at the level of energy policy and at the level of implementation of specific energy projects is of key importance. Many of the existing risks go beyond the national and regional frames and require collective efforts and new mechanisms for energy interaction.



The answer to such challenges, according to Mr. Yanovsky, is the process of integrating energy systems and markets. As an example of using such a tool, the Deputy Minister highlighted the formation of common energy markets of the Eurasian Economic Union with the active participation of the Ministry of Energy of Russia.

Mr. Georgy Chikovani, Deputy Minister of Economy and Sustainable Development of Georgia dwelled on the need to expand Georgia's energy integration with neighboring countries and stressed the importance of developing cooperation in the framework of regional associations such as AGIR (Armenia, Georgia, Iran, Russia), BSEC, etc.



The President of the Black Sea Trade and Development Bank (BSTDB) Mr. Ihsan Delikanly paid special attention to the need for a more efficient economic assessment of the risks associated with the uncertainties of energy development in the Black Sea region.

BSTDB was established by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine which are the 11 founding countries of the Black Sea Economic Cooperation (BSEC) as a financial pillar of BSEC. As of end 2017, BSTDB cumulative portfolio in its 11 member countries has reached 365 approved operations in the key sectors of infrastructure, energy, transport, manufacturing, telecommunications, financial sector and other important areas amounting to about EUR 5 billion.



Ms. Nicola Crawford, Acting Chairman of the Board of Directors of the British Risk Management Institute (IRM), Executive Director of I-Risk Europe Ltd, (Great Britain) elaborated on assessing the cost-effectiveness of risk management systems.



At the end of the plenary session, the speakers answered numerous questions from delegates and took part in a lively discussion with the moderator of the plenary session Mr. Alexey Gromov, Chief Energy Director of the Institute for Energy and Finance (Russia).





**The panel discussion
"Corporate risk management strategies in transforming energy"**

Opening the panel discussion on Corporate Risk Management Strategies in Transforming Energy, moderator Mr. Grant Griffiths, Chairman of the Black Sea Regional Group (Turkey) of the Risk Management Institute (IRM), stressed the need to use international best practices in this area.



Ms. Irina Andropova, Risk Management Director of Rusatom Energo International (JSC REIN), a subsidiary of the State Corporation “Rosatom” shared the corporate risk management experience of Rosatom in the implementation of international projects.

REIN JSC is the majority shareholder of AKKUYU NUCLEAR JSC, which implements the project for construction and subsequent operation of the Akkuyu NPP in Turkey and also develops the project for the Hanhikivi-1 NPP construction in Finland.



Analytical approaches to risk management in the transforming energy sector were presented in the report of Dr. Botan Berker, Chair of the Risk Committee of the Turkish company TURCAS.



The presentation “Planning scenarios and risk assessment in conditions of low oil prices” of Mr. Peter Saenko, Asset Planning and Control Manager, LUKOIL Mid-East Ltd. (Russia) attracted considerable attention of the delegates.



At the end of the panel session an active discussion of the issues raised was held with the participation of the Conference delegates.



Round table

“Insurance as an integral part of the general risk management process”

The focus of the round table “Insurance as an integral part of the general risk management process”, moderated by Mr. Alexey Lebedev, General Director of Matthew Daniel International Russia, were issues of hedging technical and operational risks, reserving international capital, determining the balance of interests between self-financing risk and transferring risk to insurance, and other aspects of insurance as a strategic decision to protect the property interests of a business.



A great practical interest of the Conference delegates was aroused by the report of Mr. Hugh Edward Kennaway, Director of Matthews Daniel International Ltd (UK) on the topic “Major energy insurance claims – a loss adjusters perspective”.



In his speech, the head of Matthews Daniel International Ltd paid a special attention to the mechanisms for insuring major losses in the energy sector.

The role of reinsurance as an effective risk management tool in the energy sector was comprehensively analyzed by Mr. Sergey Chegodaev, Deputy head of non-maritime reinsurance, Russian National Reinsurance Company JSC (RNPJ JSC).



The second day of the Conference May 16, 2018

Plenary session

"The opportunities for developing energy cooperation in the Black Sea region and Southeast Europe"

The key thematic areas of the second day of the Conference were the issues of developing energy cooperation between Russia and Turkey in terms of the global energy market transformation, prospects of Turkey as a potential energy hub in South-Eastern Europe, diversification of hydrocarbon supplies, development of oil and gas processing facilities, as well as expansion of international cooperation in the field of production, transmission and distribution of electricity.

Opening the plenary session, Mr. Marco Margheri, Executive Vice-President for Sustainability, Institutions & Regulation Division of Edison outlined the priority areas for energy integration of the Black Sea region and South-Eastern Europe and emphasized the corporate contribution of Edison to this process.



The Edison's Sustainability, Institutions & Regulation Division deals with sustainability policies and corporate social responsibility initiatives, and oversees Edison advocacy towards Italian, European and International Institutions, as well as stakeholders and opinion leaders. The Division is responsible for Regulation and relations with independent Authorities.

Marco is a Director of the Edison Foundation. He serves as the Chair for Italy of the WEC - World Energy Council, a member of the General Council of IGAS, and is a Member of the Executive Committee of IAI – Istituto Affari Internazionali, a Council member of the ECFR - European Council on Foreign Relations.



Dr. Volkan Özdemir, Chairman of the Turkish Institute for Energy Markets & Policies (EPPEN) demonstrated the main dynamics of the energy cooperation development between Turkey and Russia.

Mr. Vasily Eremenko, Deputy Director of the International Cooperation Department of the Russian Ministry of Energy presented a comprehensive analysis and assessment of developing energy cooperation between Russia and Turkey in terms of the world energy market transformation.



The opportunities and prospects of Georgia as an energy hub for the South Caucasus region were demonstrated in detail in the report of Mr. Sul Khan Zumburize, Chairman of the Management Board / Manager for the Rehabilitation of Georgian State Electrosystem (GGE), represented by Mr. Zurab Ezugbaia, Member of the GGE Management Board.



The main issues of management and development of stock trading in the region were the focus of the report of Mr. Mustafa Karahan, member of the Energy Pool Board, member of the Board of the Turkish Energy Exchange (ETD).

The Coordinator of the BSEC Energy Working Group Mr. Edward Panoyan informed the delegates on the results of the annual meeting of the Working Group, which was held in conjunction with the 2018 Energy Risk Management Leaders Conference on May 15 at BSEC Headquarters.

Round table “Cyber and Technology Risk in the Energy Sector”

The roundtable participants focused on the development of information technologies and cybersecurity in the energy sector, the role of effective cyber risk management in ensuring security of energy supply and network management, the interrelation of cyber risks, industrial safety and the vulnerability of physical infrastructure and assets and other issues.

The delegates paid particular attention to the presentation titled "Catalyzing blockchain innovation in the energy sector: Energy Web Foundation" by Mr. Oriol Pujoldevall, Strategic Partnerships manager, Energy Web Foundation (EWF).



Among the corporate participants of the EWF are leading international energy companies.

EWF Corporate Members



Technologies of the future and their impact on the development of the oil and gas sector were analyzed in a report of Dr. Maria Papadaki, MD The Dubai Centre for Risk & Innovation Management, Asst. Professor British University of Dubai, NED Institute of Risk Management titled “Technologies of the future and their impact on the development of the oil and gas sector: Blockchain Advantages. Artificial Intelligence in Risk Management and Decision Making”.



The final provisions and recommendations of the Conference participants

The conference was attended by heads and representatives of international organizations, energy ministries, leading energy, financial, insurance and consulting structures from 11 countries, including Russia, Turkey, the UK, Georgia, Greece, Moldova, Armenia, Pakistan, Italy, the UAE and Switzerland.



As a result of the Conference, participants noted the need to continue further discussions on improving risk management practices in the energy sector on a regular basis in the BSEC format using the many years of positive experience noted in the report of the Secretary General M. Christidis on establishing a dialogue between countries belonging to various economic and political associations, and, often, not having between themselves diplomatic relations.

Conference delegates expressed their wish for the organizers to consider holding the Conference on a regular basis in one of the BSEC member countries and to prepare a corresponding proposal for transmission through official channels to the BSEC Secretariat.