



# EY Global Power & Utilities Risk Pulse Survey 2017-18

Financial risks will intensify as pressure increases on revenues in mature markets, forcing utilities to seek new growth opportunities. Against this backdrop, compliance risks will pose greater challenges as utilities transition from traditional energy generator, distributor and supplier to innovative service provider.

In responding to their most important risks, utilities will need to:

## Establish a risk-enabled culture with exceptional leadership

Effective risk management starts at the top. It is critical that the proper oversight and accountability exist at board and executive levels. Leaders should establish clear communication and direction, and set a good example in raising awareness of risk being everyone's responsibility.

## Assess risk appetite and tolerance

The rapid rise and evolution of DERs, the digital grid and enabling technologies creates compelling opportunities for utilities to explore new revenue streams and develop sustainable business models to succeed in a future energy world. Utilities need to balance these opportunities against associated and mounting risks.

## Adopt an integrated and agile three lines of defense model

Confusion surrounding roles and responsibilities may contribute to a less effective risk management environment. As a result, the amount of money utilities are spending to monitor risk is staggering. Integration, alignment and coordination across the three lines of defense presents an opportunity for utilities to improve effectiveness, efficiency and coordination of enterprise-wide resources.

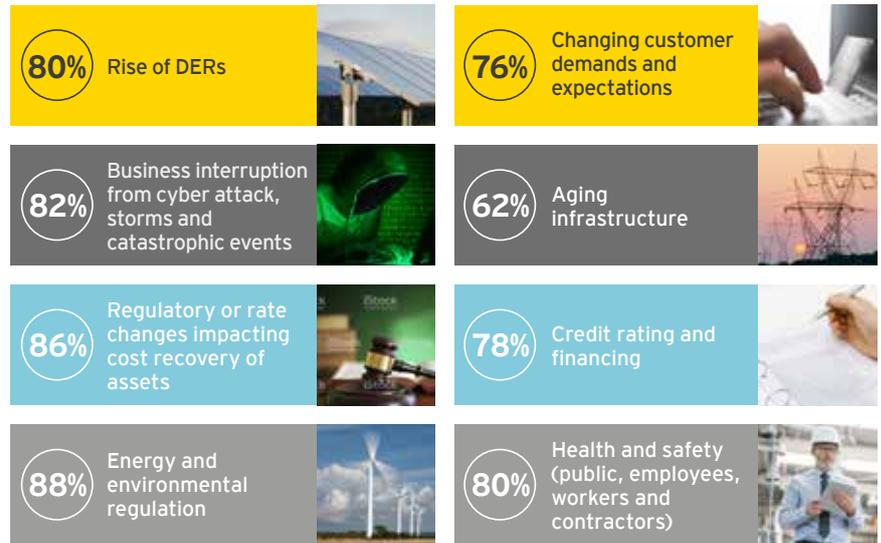
## Manage the risk, not the compliance

Compliance management is not risk management. However, effective risk management enables the utility to respond faster to changing regulations and demonstrate compliance.

## Focus on new innovation

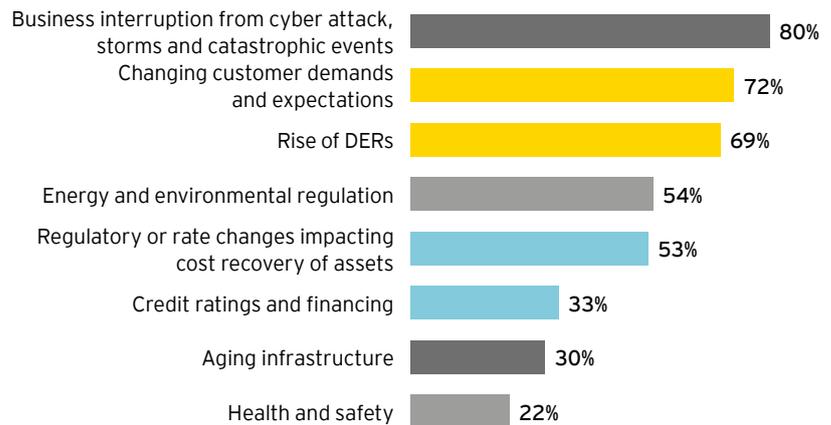
A more agile risk management framework allows utilities to evolve and improve over time, respond to changing circumstances and take advantage of the cost reduction opportunities that innovative technology investments present.

## Top two risks by category



Data represents % of respondents that ranked these risks in their top three by category.

## Percentage of respondents that say risk will become more or much more important



Strategic risk Operational risk Financial risk Compliance risk

**What are your most important risks and how do they compare with our findings?**  
For more EY Risk Pulse Survey results and insights, please visit [www.ey.com/riskpulse](http://www.ey.com/riskpulse).

Contact us to find out how EY can help your organization develop the agility to adapt and the resiliency to respond to your most important risks.

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