Oil and Water

>>BY DARYL ANGIER

itting by the riverbank outside the Shaw Conference Centre in downtown Edmonton on a sunny September day with the fall colours at their height, the last thing I wanted to think about was climate change. But inside the building, where the RIMS Canada Conference was taking place, the subject was dominating many of the panel discussions and plenary sessions, attended by a number of risk managers from companies in Alberta's oil and gas sector.

Indeed, the conference coincided with a muchpublicized visit to Alberta's oil patch by Canadianborn Hollywood director James Cameron. Despite drawing scorn as a dilettante environmentalist, Cameron's helicopter tour of the oil sands attracted widespread media attention, including Peter Mansbridge who interviewed him for his "One on One" program the day before Mansbridge's plenary address to conference delegates.

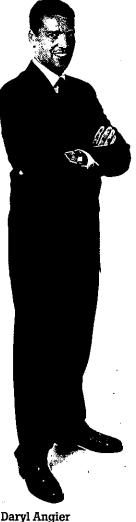
While the debate over the merits of extracting oil from the rich reserves in Northern Alberta rages on, the one thing all parties can agree on is that the demand for fossil fuels is not going away anytime soon. If there was a unifying theme to the discussions around oil, energy and climate change at the conference, it was that the evolving constellation of risks associated with fossil fuel

production and consumption need to be better understood in a hurry.

One example is the interconnectedness of energy and climate change with water supply. In one panel discussion, Deborah Hartford, of the Adaptation to Climate Change Team (ACT) at Simon Fraser University, outlined how climate change is having varying effects on the predictability of the water supply around the world, ranging from disastrous flooding in the UK to prolonged drought in Australia. This in turn affects even non-fossil fuel-related energy sources such as hydroelectric power generation that rely on a steady flow of water.

In addition, Lindene Patton, chief climate product officer with Zurich Insurance, pointed out that as water resources become more strained and less predictable, the insurance industry will have to develop actuarial models that price risk according to how well organizations manage water usage, including any impacts on aquifiers.

In sum, water is quickly becoming the new oil. In the coming years, risk managers will have to start thinking about how well they manage their water resources as carefully as energy efficiency is managed now. Otherwise, beautiful sights like the North Saskatchewan River in September may become a thing of the past.



Daryl Angier Editor

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PUBLISHER
Mia Williamson 416-764-3827 mia.williamson@rci.rogers.com

Daryl Angier 416-764-1323 daryl.angier@rci.rogers.com

ASSOCIATE EDITOR Suzanne Sharma 416-764-3811 Suzanne Sharma@rci.rogers.com

ART DIRECTOR Kathleen Regan-Vandermoer 416-764-3837 K.ReganVandermoer@rci.rogers.com

NATIONAL ACCOUNT MANAGER Desiree Creed 416-764-1305 desiree.creed@rci.rogers.com

ACCOUNT MANAGER Desiree McCue 416-764-3838 desiree.mccue@rci.rogers.com

CIRCULATION MANAGER Celia Ramnarine 416-764-1451 deokie.ramnarine@rci.rogers.com CANADIAN INSURANCE TOP BROKER

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EXECUTIVE PUBLISHER Garth Thomas 416-764-3806

Sandra Parente, General Manager, Corporate Sales 416-764-3818 sandra.parente@rci.rogers.com

David Carmichael, General Manager, Online Operations

416-764-3820 david.carmichaet@rci.rogers.com

Tricia Benn, Senior Director, Rogers Connect Market Research & Client Services 416-764-3856 tricia.benn@rci.rogers.com

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