



# **Decision making – the stakeholders point-of-view**

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## ***Agenda***

- Application of such tools
- Appraisal of results
- How do risks affect investment decisions



## ***The work begins with the model***

- Now you have to think about:

- Fuel price forecast
- Demand forecast
- Supply structure
- Political framework
- Etc.



**Create scenarios**



## ***Keep the amount of scenarios low!***

- Scenarios to be defined:

- Base case
- Low case
- High case
- Additional base case



**Get a feeling of  
sensitivity &  
probabilities**

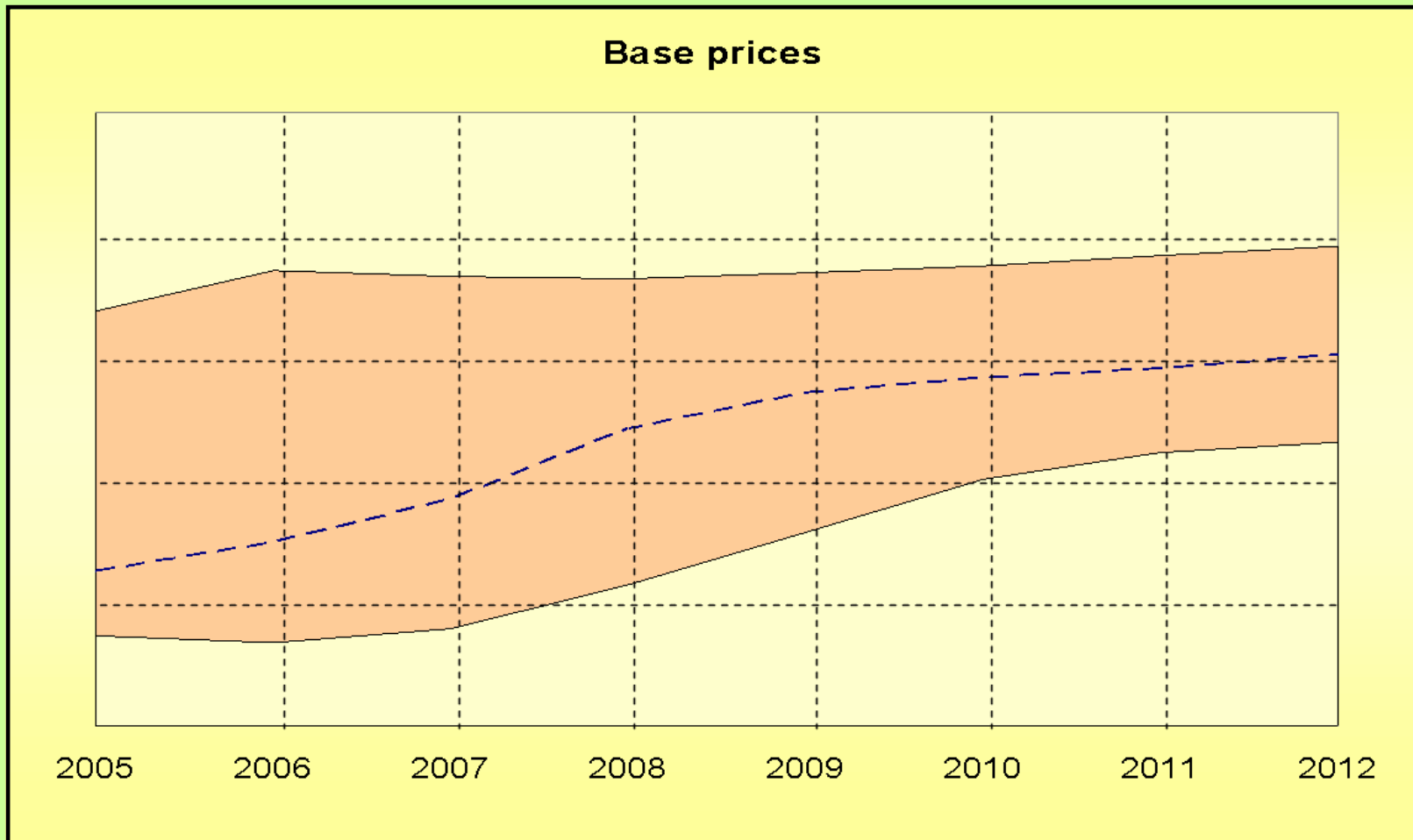


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# Scenario output





## ***Ability to explain the results***

- You have to know the basic causes:

- Lower borderline
  - i.e. lowest fuel costs
- Upper borderline
  - i.e. certain political instruments
- Price phases
  - i.e. reserve shortages

**Reasonable,  
well-founded  
arguments will  
give confidence**



## ***Purpose of the curves***

- Evaluate
  - M&A's
  - Assets
  
- Decide
  - Investments
  - Decommissioning
  - Trading strategies





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## ***Take a closer look – split up the risks!***

- Model
  - Error discussion
    - i.e. Simplifications
- Exogenous forecast
  - Sensitivity, likelihood
    - i.e. What if oil prices increase
- Political framework
  - Sensitivity, likelihood
    - i.e. Emission-trading

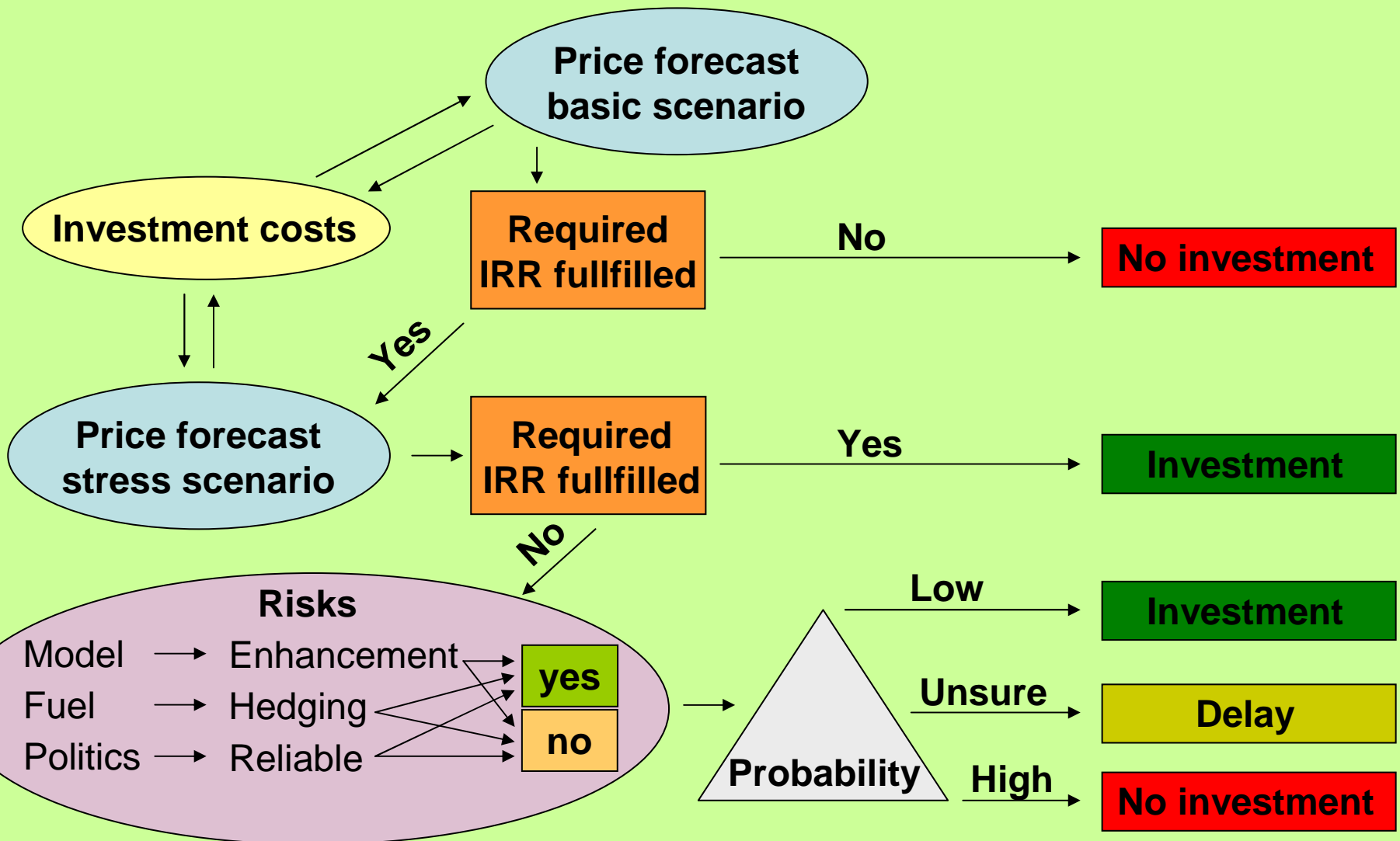


## ***Analyse the risks***

- Sort risks by potential & likelihood
  - Will uncertainties stay or disappear
- Are the risks manageable
  - Strategy when price-path changes
- What's the project's timescale
  - What's the output of a VAR-analysis



# Decision making





## ***Contact details***

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