

Barriers and risks to market penetration and Risk management strategies

Risk management is about a systematic approach to identifying, evaluating, prioritising, and dealing with risks. To figure out the barriers and risks are steps in this process and the results are hopefully useful to ensure that the civic energy projects are successful even as circumstances change and if an obstacle occurs. These tasks include the following steps:

- Mapping out risks, barriers, and conflicts of objectives to market penetration
- Evaluating probability and consequence
- Developing strategies to manage the risks

This document contains the description for the risk matrix and strategies to handle if the risk occurs.

Identifying barriers and risks to market penetration

An event which will have a negative impact on the project is a **risk**, and the risk is evaluated as a combination of probability and severity of the consequence if it occurs. A **barrier** is a risk that is already present and needs to be managed. **Conflicts of objectives** are risks that happen when the fulfilling of one goal in the project has negative impact on other goals.

Use the spreadsheet and list identified risks, barriers and important conflicts of objectives that may impact the potential of market penetration for each CE project. Brainstorming and reading about other projects can be useful methods in the mapping process.

Risk categories

The list below of risk categories can also be helpful in the mapping process. Under each category are suggestions of risks to further spark ideas. The categories can be used to organise the identified risks, barriers and conflicts of objectives in the spreadsheet.

- Operational risk
 - Organisational risks
 - Management risks
 - Integrity risks
- Community risk
 - Cooperation with external parties
 - Interest of civic energy in society
 - Risk related to Covid-19 pandemic
- Financial risk
 - Access to funding
 - Profitability risks
- Regulatory risk
 - Legal risk
 - Policy risk
 - Political decisions on regional, national and EU level
- Technology risk
 - System integration risk
 - IT risk
 - Data management risk

Evaluation of risk

To assess the impact of the risks, we will use an evaluation matrix. The matrix gives an indication of which risks are most significant and where the focus of the risk management strategy should be placed. The risk matrix with descriptions of the levels can be seen in the table below, with probability on the vertical axis and impact on the horizontal axis.

The probability is so high that it is a question of when it occurs and to what extent.	Certain (4)	4	8	12	16
May very well occur but probably not very frequently.	Likely (3)	3	6	9	12
Probably does not occur under normal circumstances or at least not frequently.	Possible (2)	2	4	6	8
Non-existing or low risk	Unlikely (1)	1	2	3	4
		Negligible (1)	Marginal (2)	Critical (3)	Catastrophic (4)
		Minor impact on the project. Project can go on with minor adaptations.	Some impact on the project. Project can go on but with certain adaptations.	Major impact on the project. Major adaptations necessary to continue the project.	Project is cancelled or forced to change so much it is no longer a civic energy project.

Risk management strategies

The next step is to look at actions to take in order to manage the risks. Focus should be on the risks that scored highest in the evaluation. Risk management strategies include:

- Avoid risk – refrain from activity, do not take the risk
- Reduce risk – reduce the likelihood or consequence of a risk
- Transfer risk – let another party take the risk
- Accept risk – keep the risk without further actions

If applicable, you can also fill in the name of a person or party responsible for the risk management action.