



**Mr. Gabriel Gross**  
President, Meteo Protect

## “Meteo Protect is in advanced discussions with players in India and I think that the company should achieve 20% penetration in India’s IPP market over next 3 years”

Energetica India speaks to Mr. Gabriel Gross, President, Meteo Protect on how to reduce cash flow volatility in renewable energy businesses.

### **ENERGETICA INDIA: Please introduce Energetica India readers to Meteo Protect and its business**

**GABRIEL GROSS:** Meteo Protect is an insurance and reinsurance broker with the largest team in Europe dedicated exclusively to weather risk management. Meteo Protect offers financial products that protect companies and institutions when weather conditions adversely impact their business or profits or generate additional costs. The company offers solutions anywhere in the world and our solutions are underwritten by the largest insurers in the market. From risk assessment to the hedging solution, Meteo Protect controls each step of the value chain using its own weather database and proprietary pricing platform.

Meteo Protect offers insurance companies products that complement the existing Property & Casualty or specialty corporate solutions. The index-based products Meteo Protect offers are designed to safeguard revenues by shielding companies from revenue losses or excess costs resulting from adverse weather conditions. Meteo Protect offers insurance companies specific index-based insurance products. Many portfolios contain a risk component linked to weather hazards. Meteo Protect segregates the weather component, calculates the risk of losses in the portfolio, and designs financial transfer solutions to

extract the share of risks resulting from adverse weather conditions.

As an insurance and reinsurance broker, Meteo Protect works closely with reinsurers for the origination and analysis of the clients’ demands. Our meteorologists, climatologist and financial engineers typically handle risk analysis or pre-analysis, risk-pricing, drafting, treating, and manage the contract life cycle, both for facultative or treaty reinsurance.

Meteo protect is a member of the Weather Management Risk Association.

Meteo Protect devotes a significant part of its resources to research to advance scientific knowledge regarding the relationship between climate variability and the economy. The R&D team is composed of researchers holding Ph.Ds and Masters in climatology, in finance or in IT. Several scientific projects and studies are carried out in collaboration with university laboratories and institutional partners worldwide. Research is focused on increasing the reliability of weather data and downscaling for the local level, trends and forecasting, econometrics, and risk assessment methods. The scientific rigor and innovations brought by Meteo Protect R&D are supported by several competitiveness clusters. Research studies regularly receive awards and labels from professional organizations and the academic world.

### **ENERGETICA INDIA: What is “weather risk management”? How does it work in terms of renewable energy business?**

**GABRIEL GROSS:** An index-based weather cover is a type of insurance that is triggered when the index exceeds a pre-defined value. The index can be a temperature threshold, rainfall levels, sunshine duration, wind speed, or any other weather variable or combination of variables that represent the weather risk the business is exposed to. These products can also be used with non-weather indices. The cover is designed to compensate exactly or partially the losses incurred through adverse weather conditions. It is highly flexible and as such can address virtually every business situation. The compensation may be fixed or progressive if the losses caused by the weather increase with the index value. As with any index-based insurance, it is when a pre-defined index value is exceeded that the loss, in traditional insurance terms, occurs. The index value is the sole trigger for compensation. No claim adjustment process, no additional administrative procedures are required.

Energy production, particularly renewable energy production, is highly weather sensitive. The production of renewable energies is of course closely dependent on weather conditions. With respect to wind energy, average wind speed variations are

the main factor influencing production. Variations can account for upto 90-95% of the overall production risks, for a 20% financial impact in certain regions. Meteo Protect has designed a financial cover for the inter-annual risk of wind intermittency. The contract is based on an index linking production to wind speed and direction, and specifies a guaranteed capacity of wind energy. The policyholder's compensation depends on the gap between capacity under observed wind and the guaranteed level. The capacity is calculated from data obtained from weather stations, weather models, or a specific method of downscaling Meteo Protect has developed.

Hydroelectric power plants produce energy from reservoirs or river flows, both dependent on rainfall and snowfall levels. The inter-annual flow variability (hence, of operators' income) may exceed 50%. Meteo Protect has access to data from a grid of 2,400 stations providing flow or gauge measurements of rivers.

Similarly, contracts can be designed a financial cover for the inter-annual risk of sunshine intermittency for solar energy producers. The contract can be based on data from satellites and/or weather stations. At Meteo Protect, we have competencies to design such covers.

**ENERGETICA INDIA: Why is the Indian market attractive for Meteo Protect?**

GABRIEL GROSS: India is important for Meteo Protect for a couple of reasons. Firstly, India is a high growth geography with enormous and yet unmet energy needs. India has impressive track records of promoting renewable energy business, particularly in harnessing wind energy as it has fifth largest installed capacity after China, US, Germany & Spain. And the pace is set to accelerate in coming years. Besides, India is also important as Meteo Protect has a strong agriculture franchise with many solutions to offer across the value chain to farmers, food processing, commodity traders, or fertilizer and pesticide companies. At the same time, India is ranked as one of the most sensitive countries to climate risk. It has tropical climate with high monsoon dependency, which incidentally impacts both renewable energy (wind, solar & hydro) and agriculture sectors. Climate change exacerbated naturally occurring

climate variability and Meteo Protect has a role to play in reinforcing Indian businesses resilience. There is need to create greater awareness on the financial impact of climate variability and at the same time offer solutions which help big as well as small businesses dealing with this risk more effectively.

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**ENERGETICA INDIA: How will Meteo Protect assist Indian renewable energy developers to reduce cash flow volatility?**

GABRIEL GROSS: Meteo Protect has a broad suit of solutions that we customize to client needs. There is enormous potential for this solutions offering given that they are fully flexible and address any type of granularity from very local to regional or national. With strong local partners, Meteo Protect has the ability to engage in a flexible yet constructive dialogue with a diverse set of target customers and bespoke solutions. This would include pure wind players, di-

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versified renewable energy players, sector focussed lenders with significant exposure to the renewable sectors, such as NBFCs. Meteo Protect can design covers that reduce the cash flow volatility of individual wind farms, construct portfolio level solutions for a player with wind farm assets in different states or even design covers for a lender who may have exposure to a large number of such players and thus be exposed to regional weather systems.

**ENERGETICA INDIA: What is your business expectation in India over the next 2-4 years?**

GABRIEL GROSS: Meteo Protect is in the process of sizing up the opportunity. I was in India recently and met with different stakeholders including developers, lenders, insurers, rating agencies. I was impressed by the level of awareness, inquisitiveness around Meteo Protect's solutions that not only reduce the uncertainty around cash flows, but improve credit standing of wind investors within the financial system. This means improved access to finance in a more cost-effective way. Meteo Protect are in advanced discussions with players in India I think that the company should achieve 20% penetration in IPP market over next 3 years.

**ENERGETICA INDIA: What role is Cognivant Consulting and Unison Insurance Broking Services playing for Meteo Protect in India?**

GABRIEL GROSS: Weather Risk Management requires advanced modern statistical techniques, data assimilation, and thorough understanding of client's operating revenues, costs and financial objectives. This is achieved by providing qualified and experienced professional who work closely with our clients to understand their exposure to weather. This is why we offer both Weather Risk Consulting services and Risk transfer solutions.

In Cognivant Consulting we have a unique combination of exposure to best in class global risk management practices acquired in global enterprise context, and experience and understanding of renewable business in the Indian context. We aim to bring our consulting franchise in India via Cognivant.

In partnering with Unison Insurance Broking, we have the ability to jointly develop and deliver bespoke insurance solutions to our clients in the Indian sub-continent. Unison has the entrepreneurial drive to understand customer needs, bring the best solutions to its customer and deliver exceptional service. Our products and solutions are always intricately linked to revenues and costs of the operating business cycle of our customers and this warrants exceptional service at the local geography where we operate ◀◀