

A Research on Advanced TPC Risk Management System and the Operation Model after Transforming into a Holding Company Structure

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1. Background

(1) The Executive Yuan started to promote risk management of administrative agencies in 2004. The Ministry of Economic Affairs accordingly instructed its affiliated agencies/institutions to implement proper management systems to reduce occurrences and impacts of potential risks, to improve governance performance and satisfaction of the public. Taiwan Power Company successively cooperated with the instructions of the Executive Yuan and the Ministry of Economic Affairs to carry out project-based risk management during the period from 2004 to 2007.

(2) In 2008, the Executive Yuan established the "Risk Management and Crisis Management Operational Standards for Various Organs of the Executive Yuan", and in 2009 the Ministry of Economic Affairs established the "Institutional Risk Management and Crisis Management Operational Principles for the Ministry of Economic Affairs and its Subordinate Organizations" in 2009, to promote the integrated risk management policies of various agencies /institutions and to establish a crisis management mechanism. Taiwan Power company also approved the "Risk Management Implementation Plan" in 2009 to promote corporate level integrated risk management. Subsequently, some key units gradually introduced functional level risk management. Full implementation was achieved in 2008.

(3) In view of the fact that the company has introduced a risk management system for more than ten years, and the external business environment has changed rapidly in recent years, which has led to increasing risks and more severe challenges, this research project is therefore implemented to solicit external experts and

scholars to diagnose the pulse of the company's risk management system and to propose advanced improvement suggestions to strengthen the company's overall risk control and response capabilities, and to ensure the effectiveness of risk management.

2. Research Results (Figure 1)

(1) Collect and analyze cases of three foreign companies and five domestic companies with representative risk management systems to analyze the feasibility of introducing into the company.

(2) Review the company's risk management system, including its operating mechanisms, processes, methods and tools, and propose areas that need to be strengthened and improved, refine the company's risk management system and introduce new ideas and methods for risk management to strengthen risk prediction and prevention effectively reduce company risks.

(3) Overall planning of the company's various risk management related mechanisms, including crisis management, issue management and future event books, etc., to avoid waste of resources and system overlap, and effectively improve the overall effect of risk management and control.

(4) Discuss the group risk management system after transforming into a holding parent company, and put forward preliminary plans and specific suggestions on the group risk management system, including the organization, operation and supervision model.

(5) Planning and holding risk management education promotion and case exercises, and handling 8 sessions of risk management education promotion and case exercises for senior personnel from each business unit/system.



Figure 1. Research results of the advanced research on TPC risk management system and the operation model after transforming into a holding company

3. Conclusion

Through the research and analysis of risk management cases of foreign electric industry and domestic benchmarking enterprises ,as well as the assessment results of the maturity of Taiwan Power Company’s current risk management operation mechanism, the research brings up recommendations such as the direction of improvement based on the short, medium and long-term risk management maturity assessment results, and establishing short-term refined action plan. The proposed planning concept and detailed implementation content are as follows:

(1) Dual-track parallelism, strengthening the top-down risk shaping mechanism

The current bottom-up risk shaping mechanism is incorporated into high-level strategic target thinking, and the top-down combined with bottom-up dual-track approach is used to strengthen the risk shaping mechanism, so that

the risks will not only be limited to the operational level, but also encompass the company's overall strategic risk level.

(2) Rolling review, optimization of risk management dynamic review mechanism

Optimize the operation mechanism of the risk management and management system, including meeting frequency and schedule, and adjust the current risk event review mechanism to display dynamic risk images to strengthen the immediacy and effectiveness of the risk rolling review mechanism.

(3) Focusing on risks, updating risk categories and measurement standards, and reshaping risk events

Suggestions on risk categories, measurement standards, and reshaping and adjustment directions of risk events, to enable Taiwan Power Company's risk events to be more quickly focused and accurately measured.

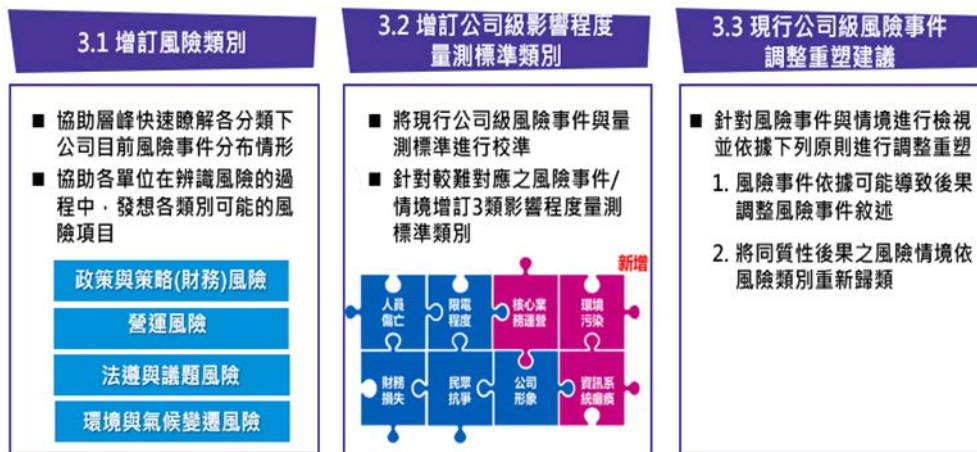


Figure 2 Risk Management Operation Mechanism Optimization Items

4. Next Step- Suggestions for future refined project planning

Combining the results of domestic and foreign case studies, academic theory and practical service experience in industrial risk management, the research proposed relevant preliminary plans and suggested directions for the future direction of Taipower's risk management improvement, including gradual development of key risk monitoring indicators with digital transformation and coordination of organizational transformation planning, positioning and functioning of parent and subsidiary companies, developing the group's risk organization structure, and gradually incorporating the risk management system into the operation of the strategic system to implement the three major aspects of strategic risk management.