Methods for Decision Making Under Conditions of Deep Uncertainty (DMDU)

Robert Lempert, RAND
You’ve Received Much Advice So Far

- Past climate is no longer a reliable predictor of future, or even current, climate, but no one is sure exactly how climate has and will change
- Climate models are helpful when used appropriately, but far from perfect
  (But they are probably a lot better than economic models!)
- Don’t wait for uncertainties to be resolved -- that won’t happen anytime soon
- Consider multiple objectives (reliability, cost effectiveness, equity, …)
- Many decisions will prove effective or provide benefits under multiple possible future conditions
  - Don’t mistake
    - Well-characterized risk
    - For deep uncertainty
Deep uncertainty occurs when the parties to a decision do not know or do not agree on the likelihood of alternative futures or how actions are related to consequences
DMDU Methods and Tools Provide Water Managers Means to Take This Advice

Basic DMDU principles

1. Consider multiple futures, not one single future, in your planning. Choose these futures to stress test your organization’s plans.

2. Seek robust plans that perform well over many futures, not optimal plans designed for a single, best-estimate future.

3. Make your plans flexible and adaptive, which often makes them more robust.

4. Use your analytics to explore many futures and options, not tell you what to do.

There are many ways, small and large, to fold these principles into your organization.
Traditional Risk Management Works Well When Uncertainty is Limited

“Predict then Act”

What will future conditions be? → What is the best near-term decision? → How sensitive is the decision to the conditions?

Predict

Act

These are sometimes called “optimization methods”
“Predict then Act” Can Break Down When Uncertainties are Deep

Under conditions of deep uncertainty:

• Uncertainties are often underestimated
• Competing analyses can contribute to gridlock
• Misplaced concreteness can blind decision makers to surprise
Under Deeply Uncertain Conditions, Often Useful to Run the Analysis “Backwards”

“Predict then Act”
- What will future conditions be?
- What is the best near-term decision?
- How sensitive is the decision to the conditions?

“Agree on Decisions”
- Propose strategy & context
- Use analytics to stress test strategy
- Identify new & revised strategies that are more robust

DMDU Helps People Use Computers to Make Better Decisions, Not Better Predictions

"Backwards" analysis can help focus on important questions under deep uncertainty

- Can a robust and flexible strategy perform well over a wide range of futures?
- What uncertainties are most important in determining the success or failure of our plans?
- What actions do we need to take now in order to keep future options open?
- What actions can we postpone?

Consider multiple futures
Outline

Introduction
DMDU Methods
Facilitating stakeholder engagement
Getting Started
Outline

Introduction

DMDU Methods
  • Scenario planning
  • Adaptive pathways
  • RDM and variants

Facilitating stakeholder engagement

Getting Started
Humans Are Avid Scenario Builders

The ability to create and share scenarios represents a key difference between humans and other animals.

We:

Tell stories
Imagine each other’s experiences
Contemplate potential explanations
Reflect on moral dilemmas

Scenarios provide benefits, for instance:

They can reduce over-confidence

Suddendorf (2013)
Scenario Planning Develops Robust Strategies From Scenarios People Create

Steps in scenario planning:
1. Identify decision challenge
2. Chose key driving forces, those most important and uncertain
3. Flesh out scenario narratives
4. Use scenarios to develop a robust adaptive plan

Robust, adaptive strategy

Sometime called “story and simulation” approach because people chose the stories and then flesh them out with simulation models

Thanks to Laurna Kaatz
Outline

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  • RDM and variants

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Getting Started
Adaptive Pathways Provides Framework for Developing Contingency Plans

Adaptive pathways:
- Recommended by California’s 2018 Sea Level Rise Guidance
- Recently used to examine urban flooding in Miami

Steps include identifying:
1. SLR thresholds at which damage occurs
2. Year when those thresholds are reached in various scenarios (called “adaptation tipping points”)
3. Signposts indicating which scenario is occurring

Adaptation Tipping Points

<table>
<thead>
<tr>
<th>Risk Reduction Options</th>
<th>Damage Threshold</th>
<th>Year threshold reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current infrastructure</td>
<td>0 ft</td>
<td>2018</td>
</tr>
<tr>
<td>Local pumps and gates</td>
<td>0.50 ft</td>
<td>~2050</td>
</tr>
<tr>
<td>Large regional pumps</td>
<td>0.55 ft</td>
<td>~2050</td>
</tr>
<tr>
<td>Raise buildings 6 feet</td>
<td>1.56 ft</td>
<td>&gt; 2065</td>
</tr>
<tr>
<td>Raise buildings 8 feet</td>
<td>n/a</td>
<td>&gt; 2065</td>
</tr>
</tbody>
</table>

Adaptive pathways helps ask:
- Which options to deploy first?
- What options to deploy next?
- How do we make our choices less vulnerable to uncertainties about the SLR scenario?


1 - 0.76 ft in 2065
2 - 2.21 ft in 2065
Dynamic Adaptive Pathways Identifies and Compares Robust and Flexible Strategies

Pathways

Regional pumps
M2b large reg fm
M2a small reg fm

Local pumps
M1 local fm
M0 no action
M3 Elevate 6ft

Land use
M3 Elevate 7ft
M3 Elevate 8ft

Land use measures eventually needed but installing pumps can buy some time.

Scenarios
SLR1
2020 2040 2050
SLR3
2020 2030 2040 2050 2060

Map generated with Pathways Generator, ©2015, Deltares, Carthago Consultancy

Thanks to Kathryn Roscoe and Marjolijn Haasnoot
Adaptive pathways provide:

• A framework for strategies that adjust over time
• Compelling visualizations of these strategies

Adaptation tipping points focus on how much change your infrastructure and plans can accept

James used the concept of “adaptation tipping points” in his analysis of how sea level rise might affect Seattle’s seawalls and storm water systems.
Outline

Introduction

DMDU Methods

• Scenario planning
• Adaptive pathways
• RDM and variants
  - RDM
  - Decision scaling

Facilitating stakeholder engagement

Getting Started
Robust Decision Making (RDM) is a Quantitative DMDU Method

RDM is an iterative analytic process, often used in engagements with stakeholders, designed to support decision making under deep uncertainty

Process:

1. Propose strategy & decision context
2. Use analytics to stress test strategy
3. Identify new & revised strategies that are more robust

Products:
- Scenarios that illuminate vulnerabilities
- Robust strategies

Key idea:
- Stress test strategies over many plausible paths into the future,
- Use the resulting database to identify conditions where strategies fail, and
- Use this information to identify more robust strategies
Can Los Angeles Meet its Water Quality Goals in the Face of Climate Change?

New water quality implementation plans for the Los Angeles River* aim to meet federal standards by 2035

The Plan

Optimal distribution of BMPs (best management practices) assuming we know future climate!

* Study focuses on Tujunga sub-watershed: 225 square miles (165 sq. miles Los Angeles National Forest + 60 sq. miles urbanized San Fernando Valley floor)

RDM Begins with Decision Framing

Decision makers and stakeholders deliberate over key factors in analysis

Will our expensive new water quality investments still meet water quality standards in a changing climate?
If not, what can we do about it?
**Summarize Stakeholder Discussions with ‘XLRM’ Matrix**

*Will our expensive new water quality investments still meet water quality standards in a changing climate? If not, what can we do about it?*

<table>
<thead>
<tr>
<th>Uncertainty Factors (X)</th>
<th>Policy Levers (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<table>
<thead>
<tr>
<th>Relationships (R)</th>
<th>Performance Metrics (M)</th>
</tr>
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Summarize Stakeholder Discussions with ‘XLRM’ Matrix

*Will our expensive new water quality investments still meet water quality standards in a changing climate? If not, what can we do about it?*

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<th>Uncertainty Factors (X)</th>
<th>Policy Levers (L)</th>
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</thead>
<tbody>
<tr>
<td>What uncertain factors outside our control affect our ability to pursue our goals?</td>
<td>What actions might we take to pursue our goals?</td>
</tr>
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<tr>
<th>Relationships (R)</th>
<th>Performance Metrics (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>How might levers (L) and uncertainties (X) affect goals (M)?</td>
<td>What are we trying to achieve?</td>
</tr>
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</table>

XLRM is useful independent of RDM
Summarize Stakeholder Discussions with ‘XLRM’ Matrix

Will our expensive new water quality investments still meet water quality standards in a changing climate? If not, what can we do about it?

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<tr>
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<th>Policy Levers (L)</th>
</tr>
</thead>
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<tr>
<td>• Future climate</td>
<td>• Proposed water quality plan</td>
</tr>
<tr>
<td>• Future land use</td>
<td>- Regional projects</td>
</tr>
<tr>
<td></td>
<td>- Green streets</td>
</tr>
<tr>
<td></td>
<td>- Low impact development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relationships (models)</th>
<th>Performance metrics (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Simulation models used for regulatory assurance analysis</td>
<td>• Ability to meet zinc TMDL targets</td>
</tr>
<tr>
<td>(SUSTAIN &amp; LSPC)</td>
<td>• Cost of additional BMPs</td>
</tr>
<tr>
<td></td>
<td>• Co-benefits</td>
</tr>
</tbody>
</table>

In this engagement, re-framing added new policy levers
Generate Cases that Stress Test Strategy in Each of Many Plausible Futures

Run model for each of hundreds to millions of cases

*Each case tests one strategy in one plausible future*

Decision Framing

Gather all the cases in a large database
Generate Cases that Stress Test Strategy in Each of Many Plausible Futures

- Stress test Tujunga water quality implementation plan over 47 climate times 6 land use = 282 futures
- Each record in the database (a case) represents the performance of the plan in one future

<table>
<thead>
<tr>
<th>Blue dot = regulatory requirement met</th>
<th>Red dot = regulatory requirement missed</th>
</tr>
</thead>
</table>

Strategy & Context ➔ Stress Test ➔ New & Revised Strategies
Summarize All These Model Runs In a Map Showing the Stress Test Results

Computer algorithms and visualization help separate all the model runs into two sets of futures:

- In one set LA’s water quality plan generally meets its regulatory goal
- In the second set LA’s water quality plan generally fails to meet its regulatory goal

The algorithms and visualizations also identify the combination of uncertainties most important in distinguishing these two sets of futures

We can use this scenario map to orient ourselves
Summarize All These Model Runs In a Map Showing the Stress Test Results

This figure is similar to those Nick showed for Portland BES’s stress test of its Resiliency Master Plan.
Use the Database of Cases to Identify Policy-Relevant Scenarios

Results of this stress test can be interpreted as two scenarios:

- Scenarios emerge from the analysis. They are not inputs to it.
- Scenarios show high-confidence information. People who disagree about the likely future can agree on the conditions in which LA’s plan would meet or miss its regulatory goals.

Note that scenario driving forces depend both on climate and socio-economic uncertainties.
Use Available Scientific Information to Consider Whether The Vulnerable Scenario is Significant

Compare Available Science to The “Plan Misses Goals” Scenario

Range of IPCC projections (2050)

- Plan Misses Goals Scenario
- Newly mandated land use

These IPCC projections don’t include any downscaling
Use Available Scientific Information to Consider Whether The Vulnerable Scenario Is Significant

Compare Available Science to The “Plan Misses Goals” Scenario

Evidence from best study of local climate in 2050 (Berg et al 2015)

Plan Meets Goals Scenario

Plan Misses Goals Scenario

X Planning case

Newly mandated land use

Bottom line:

• We looked at two ways to estimate the probability of extreme precipitation events
• Both indicate Los Angeles’ water quality implementation plan may not meet regulatory standards if the climate changes (or has changed)

These projections involve very high resolution (2 km) downscaling
Decision Scaling, Another DMDU Method, Focuses on Climate Stress Tests

Decision scaling provides a simple way to perform a climate stress test:
- Start with historical climate record
- Perturb key climate variables
- Use perturbed climate variables in hydrology models

Example results

Ray and Brown (2015)
Decision scaling provides a climate vulnerability analysis, without relying on extensive climate modeling.

Both James and Nick used such an approach to examine the impact of extreme precipitation events.
In LA Water Quality Example, Use Stress Test to Identify New Options for Reducing Vulnerabilities

Study considered an adaptive plan consisting of near-term actions, signposts to monitor, and contingent actions if signposts are observed.

Vulnerability analysis informs signposts

Plan Meets Goals Scenario

Plan Misses Goals Scenario

X

Study identified such an adaptive plan to reduce this vulnerability.

Augment current plan*

Signposts -- Switch to new plan if:

- City fails to achieve mandated land use and
- Climate science cannot guarantee storms stay small

Vulnerability analysis informs signposts

Begin with Current Plan

2016

Continue current plan

2035

* Used optimization to identify augmented plan
Help Decisionmakers to Compare Tradeoffs Among Alternative Strategies

Present Multi-Objective Trade Off Analysis

Compare three alternative strategies:
1. Begin with current plan, but do not prepare to adjust
2. Begin with current plan, but prepare to adjust
3. Begin with augmented plan, but prepare to adjust

Note: RDM is designed to illuminate tradeoffs for people to evaluate, rather than dictate optimal solutions
Help Decisionmakers to Compare Tradeoffs Among Alternative Strategies

These strategies aim to meet two objectives: 1) ensuring water quality and 2) low cost

<table>
<thead>
<tr>
<th>Water quality</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Yes</td>
<td>Highest</td>
</tr>
<tr>
<td>Yes</td>
<td>Slightly higher</td>
</tr>
<tr>
<td>Yes</td>
<td>Lowest</td>
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1) Begin with Current Plan
2) Begin with Current Plan, prepare to adjust
3) Begin with Augmented Plan

2016

Augmented plan

Current plan

2035

Current plan
Help Decisionmakers to Compare Tradeoffs Among Alternative Strategies

The strategies perform very differently across the two scenarios

<table>
<thead>
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<th>Plan Meets Goals Scenario</th>
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The adaptive “Begin with current plan, but prepare to adjust” plan represents a “low regret” strategy

In general, a robust strategy is one that:
- Performs well over a wide range of plausible futures,
- Keeps options open, or
- Trades some optimal performance for less sensitivity to broken assumptions
Comparing Methods

• **Scenario planning** develops robust strategies from scenarios that people create

• **Adaptive pathways** provides a framework for developing strategies that adjust over time
  – Works especially well when the "tipping points" are simple

• **RDM** proves useful for more complicated vulnerabilities,
  – Scenarios emerge from analysis and often depend on combinations of climate and socio-economic factors
  – Need to start with a proposed strategy

• **Decision scaling** focuses on vulnerability analysis, in particular vulnerabilities associated with climate change
  – Reduces reliance on climate models
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DMDU Analytics are Designed to Support Deliberative Processes of Stakeholder Engagement

- Stakeholder engagement often important and sometimes required
- RDM and other DMDU approaches designed to support a decision support process call “deliberation with analysis”
  - Stakeholder deliberate over problem framing (e.g. with XLRM)
  - Analysts produce decision relevant information products
- Key idea is that people can agree on actions without agreeing on reasons for those actions
- RDM produces high confidence information products that support such consensus-building. People can agree on a:
  - Scenario that illuminates vulnerabilities without agreeing on the likelihood of that scenario
  - Robust strategy without agreeing which future will come to pass
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DMDU Is Part of “Mainstreaming” Climate Adaptation into Your Organization

Most important step is to get started

• Conduct a climate vulnerability analysis
• Use scenario planning
• Recruit a scientific climate advisory panel

You can adopt DMDU incrementally, augmenting each planning cycle
One Potential Sequence for “Mainstreaming” DMDU into Your Organization

1. Embrace concepts of multiple futures, robust and flexible strategies

2. Employ qualitative methods and/or separate, piecework analyses

3. Then begin running your system models over multiple futures to 1) stress test plans and 2) identify and evaluate robust and flexible plans

These WUCA documents can help

Actionable Science in Practice

Embracing Uncertainty
Resources Becoming More Available to Help Implement DMDU Methods

There now exists:

- Open source software for implementing most DMDU methods
- Increasing numbers of case studies
- Many groups able to help

Some examples of RDM & other DMDU analyses
DMDU Methods and Tools Can Help Water Managers Address Today’s Uncertain Conditions

Our current and future climate is not the same as past climate, and no one is sure exactly how it has and will change

1. Consider multiple futures, not one single future, in your planning. Choose these futures to stress test your organization’s plans

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