

From Complex Models to Decision Making and Policy Support

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Summary Notes
16 June 2006

Context: Typical Players we have in mind.

Policy Maker: Stern Review, US EPA, US National Academy of Sciences Panel on Uncertainty

Decision Maker: EDF Natural Gas Trader (to burn); Wind Generator, Reinsurance

Complex Model: ECMWF 10 day ensemble weather forecast (EPS); UK Hadley Centre

: The Ensemble and the Known Unknowns

Complex models contain uncertain starting values, parameter values, and mathematical structures.

First two can be sampled, but the third (always) implies unknown unknowns, limiting the policy relevance

by "posterior probabilities" computed (and other model products). This does **not** destroy the utility of the