# Environmental Policy Analysis: How Much Uncertainty is Too Much and How Do We Know?

A Case Example of the Assessment of Ozone Monitor Network Options

Cynthia Stahl, U.S. EPA Region III

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# Problems with Uncertainty in Policy Analysis

- Consider uncertainty a flaw in otherwise good scientific analysis – ignore
- Failing to understand impact on policy alternatives – surprise
- Uncertainty exacerbates problems of limited time and resources at policy making organizations.

# Decision Makers' Dilemma

- Would a different policy choice be made if the data are different than initially presented or assumed?
- How can this be determined?
  - First question:  How much uncertainty can a decision tolerate? (Not, how uncertain is the data)

# Multi-criteria Integrated Resource Assessment (MIRA)

- Examine how much uncertainty a particular decision can tolerate.
- Learn how uncertainty affects policy options
  - Test different data possibilities

# MIRA Methodology

- Determine criteria (stakeholder participation) and define with a metric (data input)
- Index criteria (expert)
- Initialize with values (preference schemes)
- Obtain ranked list of options
- **Iterate**

- Details in: Stahl et al. (2002) BSTS 22(6): 443-459 and Stahl, C.H. (2003) University of Delaware Morris Library HN999 2004 .S781.

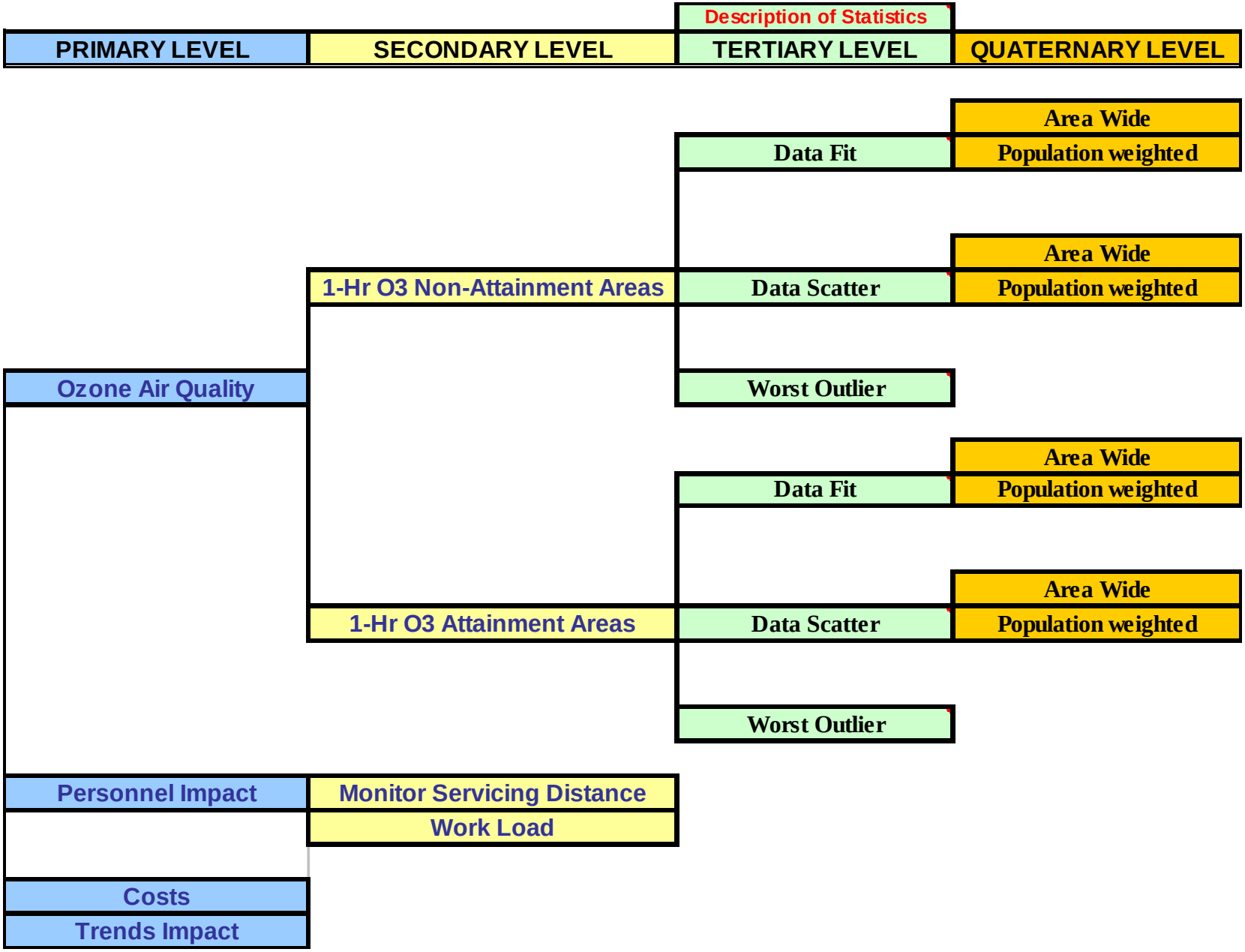
# Monitoring Network Decision Question

- Is the current ozone monitoring network adequate?
  - Public health needs
  - Ecosystem needs
  - Considering costs, benefits (better air quality estimates)

# Ozone Monitor Network Demonstration Study

- Monitoring data used for assessing human and ecological ozone exposure
- U.S. Mid-Atlantic region:  currently 110 ozone monitors primarily in urban areas
- Assessment criteria (14 total):
  - Air Quality estimate (interpolation from monitoring sites and from modeled values)
  - Personnel resources (workload and distance from state agency office)
  - Costs (maintenance of existing and installation of new monitors)
  - Historical trends (value of historical data at the same site)

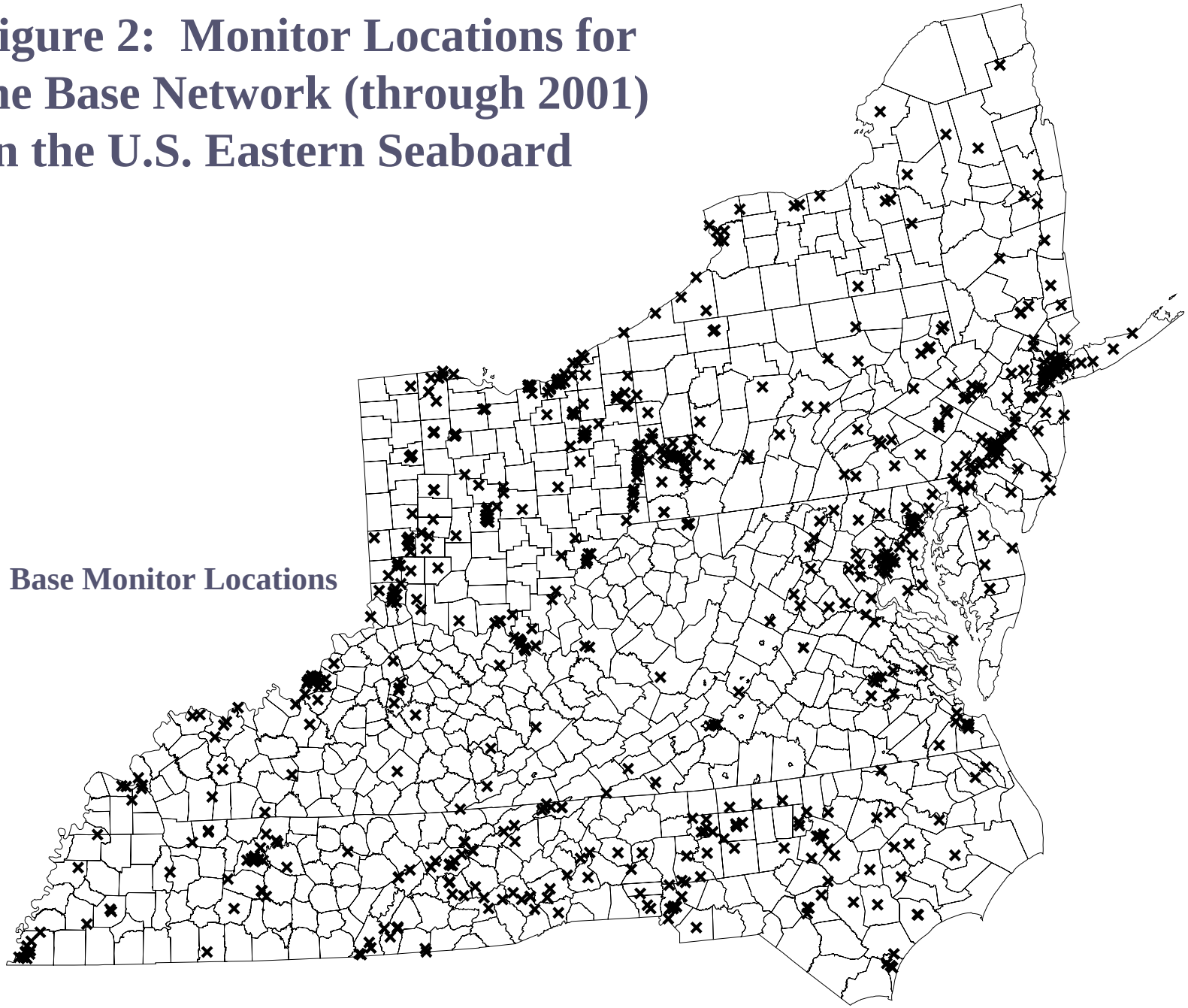
# Figure 1: Ozone Monitoring Network Assessment Criteria



# Monitor Network Options

- Status quo
  - Base
- Least Cost
  - (Base – 62 monitors) = 48 monitors
- Best Kriging Estimate
  - (Least Cost + 4 monitors) = 52 monitors

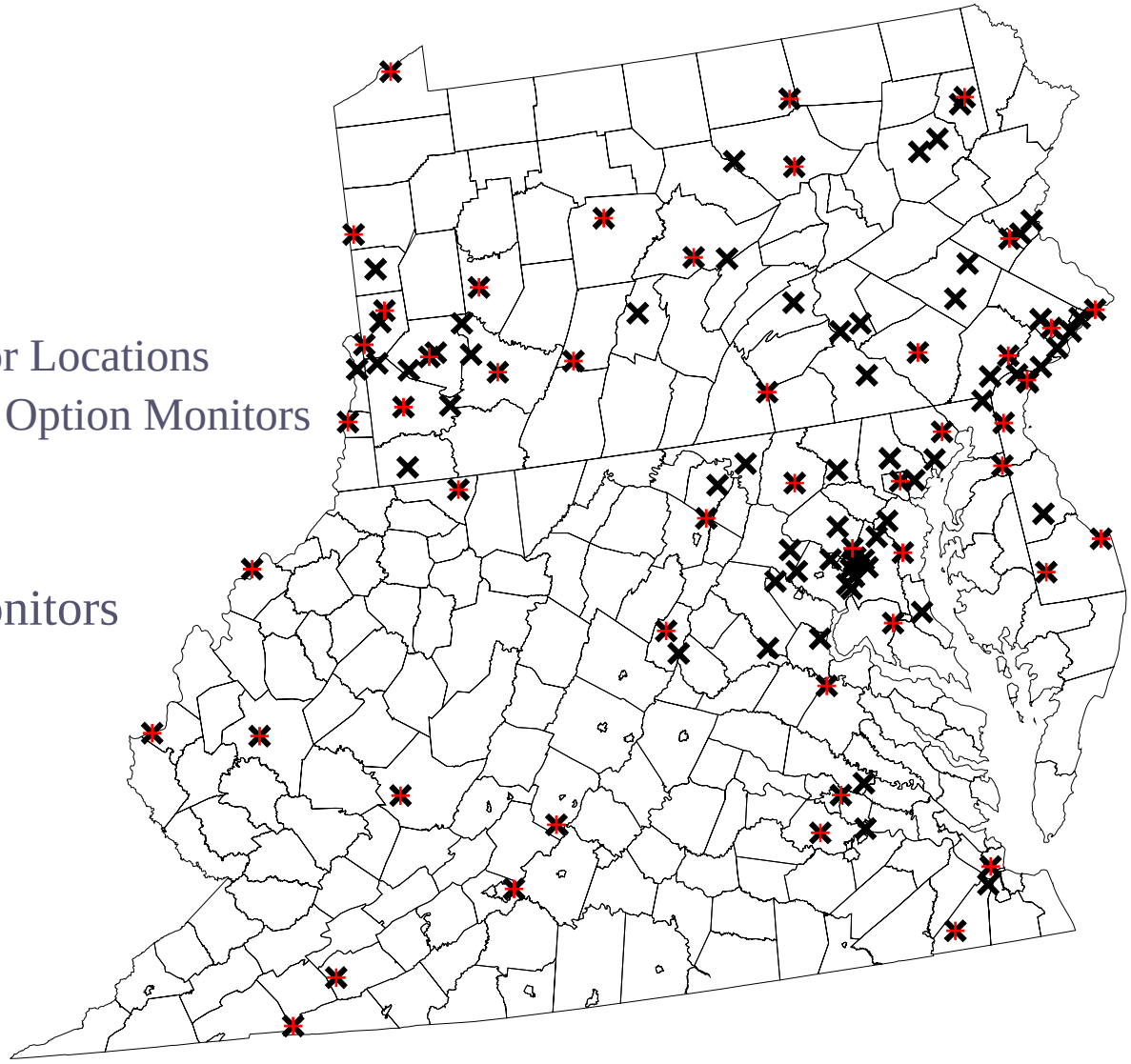
# Figure 2: Monitor Locations for the Base Network (through 2001) on the U.S. Eastern Seaboard



# Figure 3: Least Cost Network Option – Monitor Locations in U.S. Mid-Atlantic Region

X: Base Monitor Locations
+: LC Network Option Monitors

48 ozone monitors

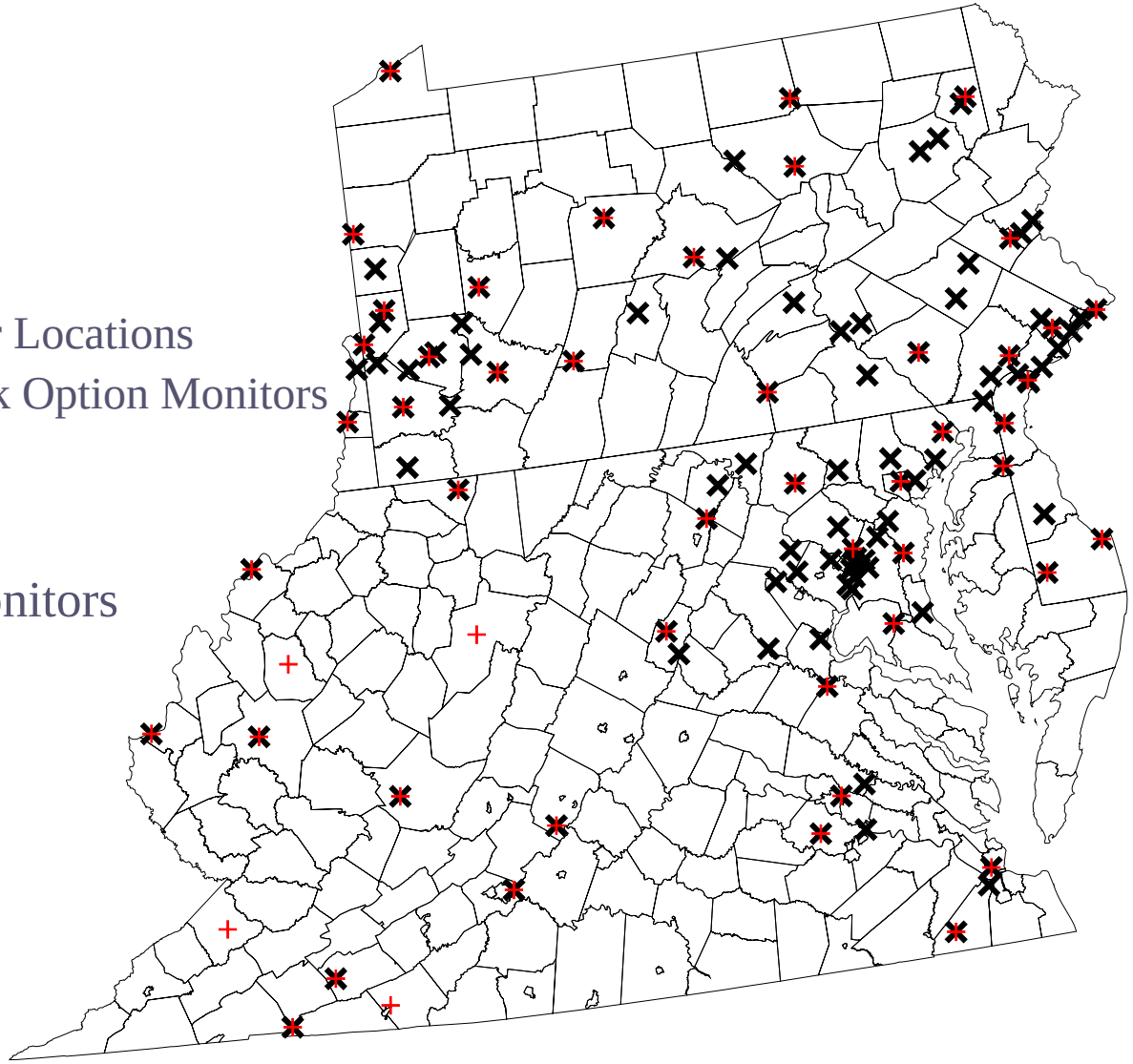


# Figure 4: Best Kriging Estimate Network Option – Monitor Locations in the U.S. Mid-Atlantic Region

X: Base Monitor Locations

+: BKE Network Option Monitors

52 ozone monitors



# Data

- Ozone monitoring data
  - Ozone design value (3 year averages)
  - Historical trends of design values
  - Interpolation where no monitors
- Capital costs
  - New monitoring station
  - New ozone analyzer
- Operation and Maintenance costs
  - Monitoring station
  - Ozone analyzer
- Distance from monitoring station to state office
- Ratio of state staff to ozone monitors

# Demonstration Focus

- Example is simplified for demonstration
- O/M cost for monitoring station
- O/M cost for ozone analyzer
- Examine how data uncertainty in these two variables affects 3 network options.

# Cost Data

- Best current estimate; Obtained in 1993 dollars
  - O/M costs for an ozone monitoring station = $16,000
  - O/M costs for an ozone analyzer = $3,400

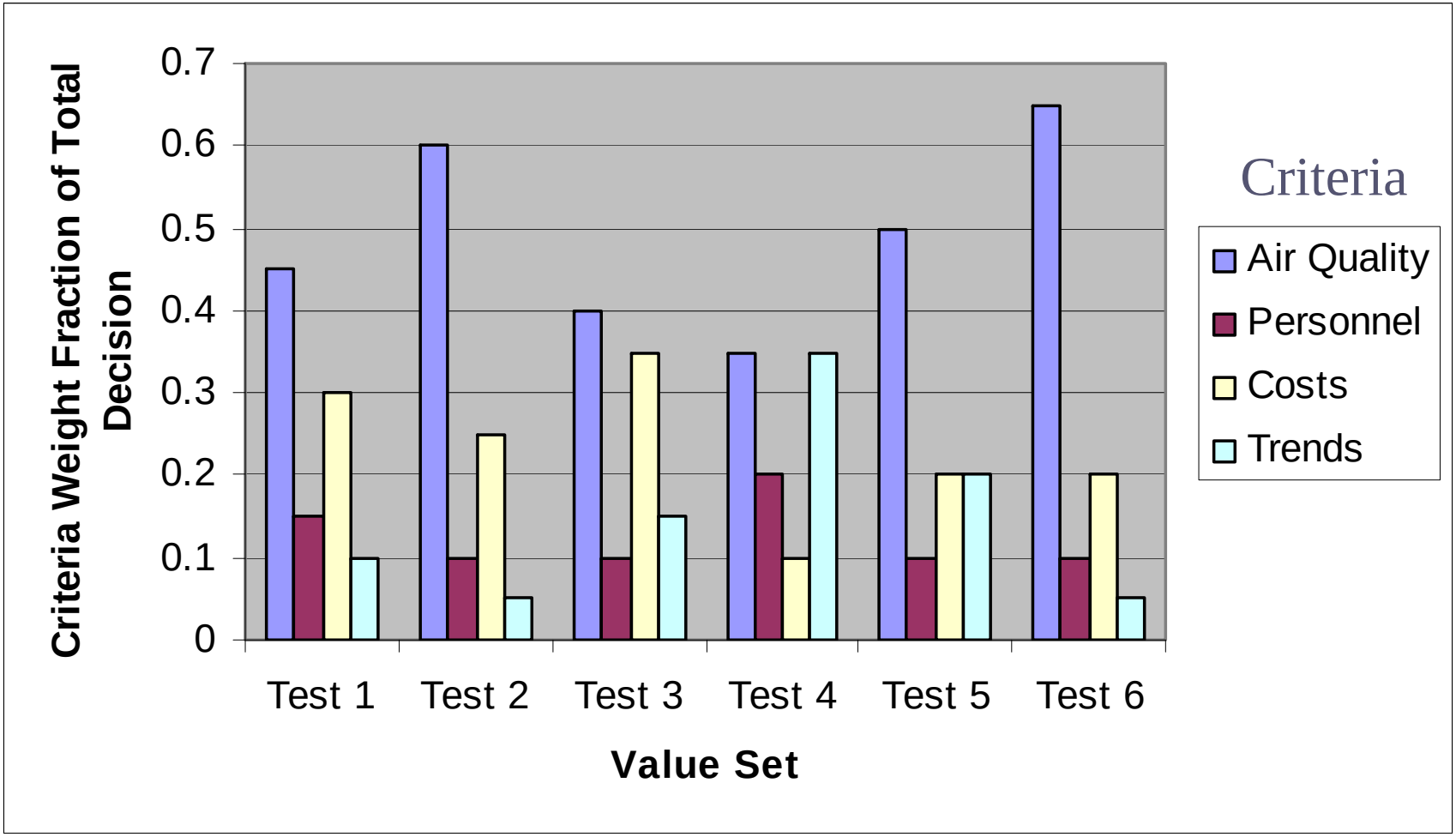
# Data is Certain

- Previous MIRA analysis produced certain cardinal ranking:  Best Kriging Estimate (BKE), Least Cost (LC), and Base (B)
- Keep same cardinal ranking for now
  - Air quality always greatest weight BUT actual weight can vary considerably.
- Values = Preference schemes
  - Many different sets produce BKE-LC-B cardinal ranking
  - 6 value sets tested

# Cardinal Ranking Sidebar

- Understanding uncertainty = does the cardinal rank change with data uncertainty? If so, how/when/under what circumstances?
  - When are we “surprised”? (Cardinal ranking changes)
- Demonstration starts with seeing how original ranking is preserved and then examines how/when this changes with data uncertainty.
  - Bracket the analysis first with decision question’s uncertainty tolerance, then go to scientist/statistician.

# Figure 5: Primary Criteria Level Value Sets



# Criteria-Option Relationship

- Learn these relationships through experimentation and stakeholder discussions.
- In general,
  - Weighting Air quality criterion more heavily tends to favor BKE,
  - Weighting Trends criterion more heavily tends to favor Base, and
  - Weighting Personnel and Costs criteria more heavily tend to favor Least Cost

# How much more preferred is the top ranked option?

- Compare separation between top ranked option and second ranked option with different value sets (via ratios).
  - Greater separation = first option more greatly preferred than next option
  - Actual criteria sums not important – relative ranking and degree of separation more important
  - Important to know for testing impact of data uncertainty on option ranking.

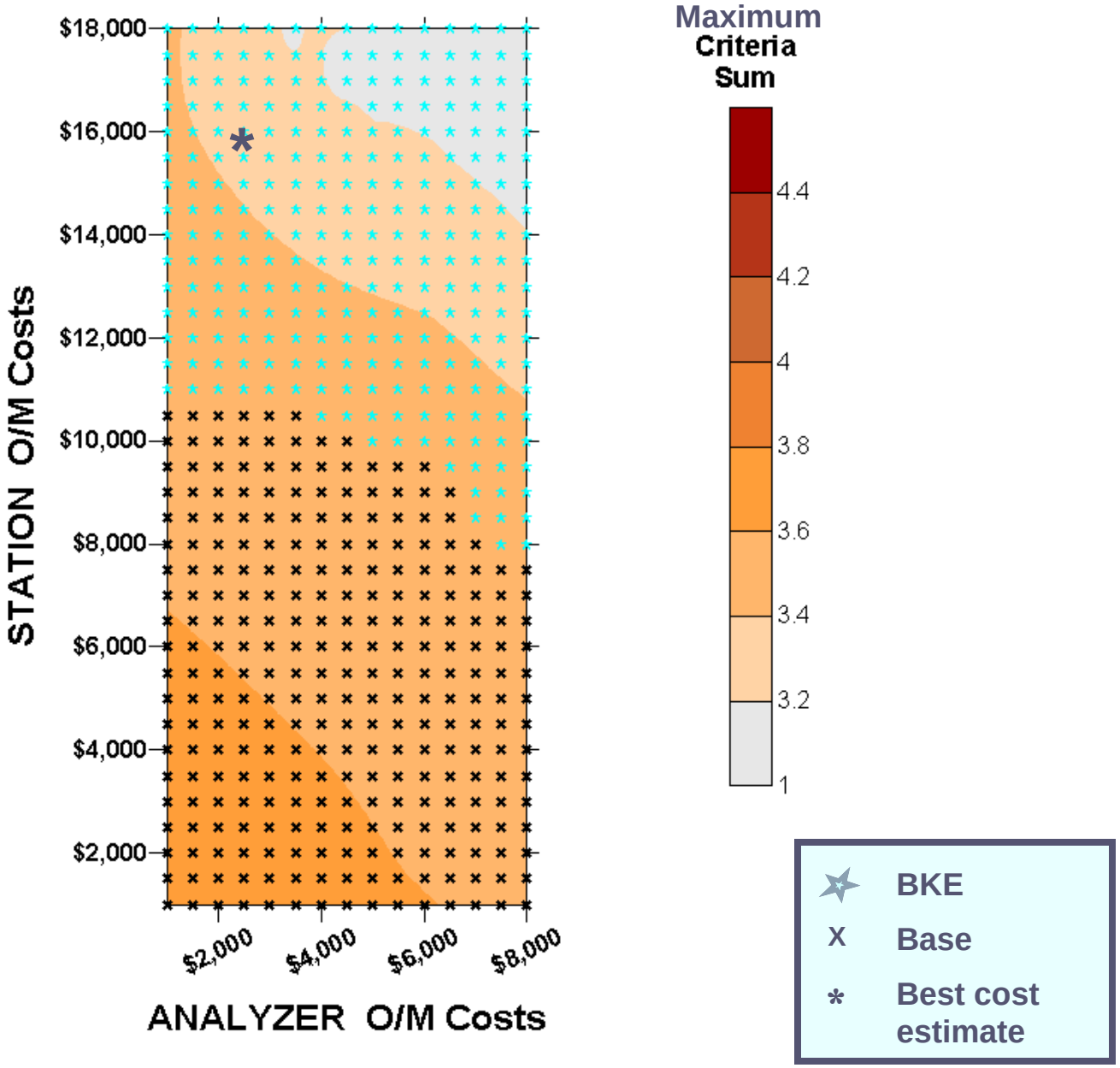
# Table 2: Criteria Sums for selected Value sets

| Value Set | Best Kriging Estimate | Least Cost | Base | BKE/LC (%) |
|---|---|---|---|---|
| Test 1 | 4.3904 | 4.2699 | 3.7098 | 2.81 |
| Test 4 | 3.3083 | 3.2741 | 3.2044 | 1.04 |
| Test 6 | 4.7658 | 4.3335 | 4.2502 | 9.97 |

# Data is Uncertain

- Impact of Uncertainty on Top-ranked option?
  - Different combinations of data uncertainty produce differently ranked options.
  - Plot maximum criteria sum (i.e., first ranked network option) against varying data ranges.
    - When does the BKE option no longer look the most attractive when compared to the other options?

# Figure 6: Impact on Top-ranked option due to O/M Cost Uncertainties (Test 4)



# Figure 6 – Different Network Option Dominates in Certain Data Ranges

- BKE dominates in the mid-range of costs
- Base option is more favored initially at lower costs because of capital investment (constant in this demo) required for BKE option, even though BKE saves O/M costs.

# Impact on Top-ranked option with Other Value Sets

- All other Test value sets retain BKE as top-ranked option as both O/M analyzer and station costs vary.
- What does this mean?

# Comparing Impact of Uncertainty with Different Value Sets

- Different value sets respond differently to uncertainty – more or less “resilient”
- Whether uncertainty is too much depends on the value set (and indexing*)

* Indexing remains constant in this demonstration.

# How much Uncertainty is Too Much?

- Data uncertainty is more acceptable in some contexts than others.
- MIRA allows decision makers to determine how much uncertainty is too much.

# Implications for the policy maker

- Policy makers who understand the impacts of uncertainty on potential options are less likely to be surprised (flipping cardinal ranks).
- Target limited resources.
  - Test whether uncertainty is acceptable in the specific policy/decision context.
  - **Know when it is necessary to reduce uncertainty.**
- Approach statisticians/scientists with question of whether data uncertainty is within certain range (tested via MIRA) rather than asking what the data uncertainty is.

# Contact information

- Cynthia Stahl, U.S. EPA Region III, stahl.cynthia@epa.gov, 215-814-2180.