

# Top Emerging Risks in Cannabis: Storms, Batteries & Drones

The cannabis industry, valued at over \$20 billion in the U.S. alone, is rapidly growing but faces unique challenges that most industries don't encounter. As the sector becomes more sophisticated, so do the risks that come with it. From natural disasters to technological innovations, cannabis businesses must stay vigilant to protect their operations and investments. This article explores three of the most pressing emerging risks in the cannabis industry today: severe storms, battery storage safety, and the evolving use of drones. By examining these challenges and potential strategies for mitigation, cannabis companies can gain insight into protecting their valuable crops, inventory, and data.

## Storms and Extreme Weather: Safeguarding Cannabis Operations

With climate change causing an increase in extreme weather events, including hurricanes, wildfires, and heavy rainfall, the cannabis industry faces growing exposure to natural disasters. Cannabis plants are sensitive to environmental changes, and even a slight shift in temperature or humidity can affect crop yields and product quality. When severe weather strikes, outdoor and greenhouse cannabis operations can be particularly vulnerable.

### The Risks of Storms in Cannabis Cultivation

Cannabis plants, which require specific light, temperature, and humidity conditions, are particularly susceptible to storms. Heavy rainfall and flooding can waterlog plants, leading to root rot and mold development. High winds can uproot plants, and hailstorms can physically damage delicate crops. Additionally, wildfires have become a common threat, particularly in states like California and Oregon, where much of the country's cannabis is cultivated. Smoke and ash from wildfires can harm the plants and taint the final product, making it unsellable.

Beyond crop damage, extreme weather can disrupt supply chains, preventing essential materials and equipment from reaching production facilities. Furthermore, power outages resulting from storms can halt operations in indoor facilities, disrupting lighting, ventilation, and climate control systems essential to cannabis cultivation.

### Mitigating Storm Risks

For cannabis companies, planning for storm risks involves both structural and operational preparedness:

**Protective Structures:** Greenhouse and outdoor growers can install protective coverings and reinforce structures to reduce damage from high winds and heavy rainfall.

**Flood Defense Systems:** Cannabis businesses in flood-prone areas should consider elevating crops or installing drainage systems to prevent waterlogging.

**Backup Generators:** Indoor facilities can reduce power interruption risks by installing backup generators to keep essential climate controls and security systems active during power outages.

**Insurance Coverage:** Cannabis businesses should ensure they have robust insurance policies covering storm damage, including crop insurance and business interruption insurance to recoup losses and resume operations swiftly.

By preparing for extreme weather, cannabis companies can minimize storm damage and enhance resilience in the face of increasingly unpredictable weather patterns.

## **Battery Storage: Addressing Safety Risks in Energy-Intensive Operations**

Cannabis production, particularly in indoor environments, requires significant electricity to power lighting, HVAC systems, and cultivation equipment. Given the high energy demands, many cannabis businesses are exploring renewable energy solutions and battery storage to reduce costs and maintain sustainable practices. However, battery storage systems introduce unique risks, including fire hazards, equipment malfunctions, and regulatory compliance challenges.

### **The Importance of Battery Storage for Cannabis Companies**

As more states implement energy efficiency standards for cannabis growers, battery storage has become an attractive solution. Battery systems store energy from renewable sources such as solar or wind power, allowing companies to reduce dependence on the grid, manage peak demand periods, and save on utility costs. However, lithium-ion batteries, commonly used in these storage systems, present inherent safety risks.

### **Battery-Related Risks in Cannabis Operations**

The main concern with battery storage is the risk of fire. Lithium-ion batteries are known to overheat, particularly when improperly maintained or exposed to high temperatures. When a battery overheats, it can catch fire, posing a serious risk to indoor cannabis facilities. Fires can damage valuable equipment, destroy crops, and put staff safety at risk. Additionally, battery storage systems require specialized equipment and training to handle safely, as well as compliance with local fire and building codes.

Since cannabis operations already have elevated risks of electrical fires due to high electricity usage, adding batteries can increase this vulnerability. Failure to store or maintain batteries correctly may lead to severe financial losses and, in some cases, liability if fire or injury occurs due to negligence.

### **Mitigation Strategies for Battery Storage Risks**

To safely incorporate battery storage systems, cannabis companies should adopt several risk management practices:

**Implement Fire Suppression Systems:** Installing fire suppression systems specifically designed for battery storage areas can help contain fires before they spread.

**Temperature Monitoring:** Companies should monitor battery temperatures constantly, using automatic systems to detect overheating and cut power if necessary.

**Staff Training and Compliance:** Employees should be trained on battery handling and fire safety procedures, while businesses should work closely with local authorities to ensure full compliance with regulations.

**Insurance for Battery Systems:** Businesses should verify that their insurance policies cover battery storage equipment and fire risks specific to lithium-ion technology.

With a strategic approach to battery storage, cannabis companies can enjoy the benefits of renewable energy solutions while minimizing the safety risks associated with this technology.

## **Drones: The Double-Edged Sword of Aerial Technology in Cannabis**

Drones have become valuable tools in agricultural and industrial sectors, and the cannabis industry is no exception. They offer innovative solutions for monitoring crops, collecting data, and even transporting products. However, drones also introduce new risks related to security, data privacy, and potential legal violations.

### **The Benefits of Drones in Cannabis Operations**

Drones can significantly streamline operations for cannabis businesses, particularly in large-scale outdoor and greenhouse facilities. Equipped with advanced imaging technology, drones can survey crops, assess plant health, and detect pests or diseases before they spread. Additionally, drones can map out growing areas, monitor inventory, and even transport small items across large distances.

However, the use of drones in cannabis businesses is not without challenges. In the cannabis industry, where legal scrutiny and data security are critical, drones can expose companies to risks that require careful management.

### **Risks Associated with Drone Use**

The primary risks associated with drones in cannabis businesses include security vulnerabilities, privacy issues, and regulatory compliance:

**Security Concerns:** Drones can be vulnerable to hacking. If someone gains unauthorized control over a drone, they could use it to gather sensitive information about the business, such as growing patterns, security weaknesses, or proprietary data.

**Data Privacy:** Drones equipped with cameras or sensors collect significant amounts of data. If this data is not secured properly, it could be accessed by unauthorized parties, leading to potential privacy violations or competitive risks.

**Regulatory Compliance:** The Federal Aviation Administration (FAA) enforces strict rules on commercial drone usage, including height restrictions, no-fly zones, and operating licenses. Cannabis companies that fail to comply with these regulations risk fines, penalties, or even the loss of business licenses.

In states where cannabis remains illegal, the use of drones to monitor crops or inventory can also attract attention from federal authorities, adding another layer of regulatory risk.

### **Mitigation Strategies for Drone-Related Risks**

To manage drone-related risks effectively, cannabis businesses should focus on regulatory compliance, data security, and physical safeguards:

**Secure Data Storage:** All data collected by drones should be encrypted and stored on secure servers to protect against hacking and unauthorized access.

**Follow FAA Guidelines:** Cannabis companies using drones should ensure they follow all FAA regulations, including obtaining proper licenses and maintaining flight logs.

**Invest in Cybersecurity Measures:** Because drones are internet-connected devices, companies should invest in cybersecurity measures to prevent hacking attempts and protect sensitive information.

**Insurance for Drone Operations:** Specialized drone insurance can protect businesses from liability related to data breaches, accidents, and non-compliance.

By managing these risks, cannabis companies can utilize drones as effective tools for crop monitoring, inventory management, and operational efficiency while minimizing their exposure to potential hazards.

## **A Proactive Approach to Emerging Risks**

As the cannabis industry grows, so too do the challenges it faces. The emerging risks associated with severe storms, battery storage, and drones underscore the need for cannabis businesses to adopt proactive and well-rounded risk management strategies.

Storms and extreme weather events require careful preparation, from structural reinforcements to backup power solutions. Battery storage systems, though beneficial for managing energy costs, introduce fire hazards and demand careful monitoring. Drones offer significant advantages in monitoring and logistics but bring security, privacy, and compliance challenges that cannot be ignored.

By understanding and preparing for these risks, cannabis companies can not only protect their operations but also enhance their long-term sustainability in an industry that remains dynamic and highly regulated. Consulting with insurance agents, cybersecurity experts, and compliance advisors can help businesses tailor solutions specific to their operations. In the rapidly evolving cannabis market, those who prioritize risk management will be best positioned to thrive amid uncertainties and capitalize on growth opportunities in a safe and secure manner.

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