

IEA-IETA-EPRI, Paris Sept 2008

Policy Interactions

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and

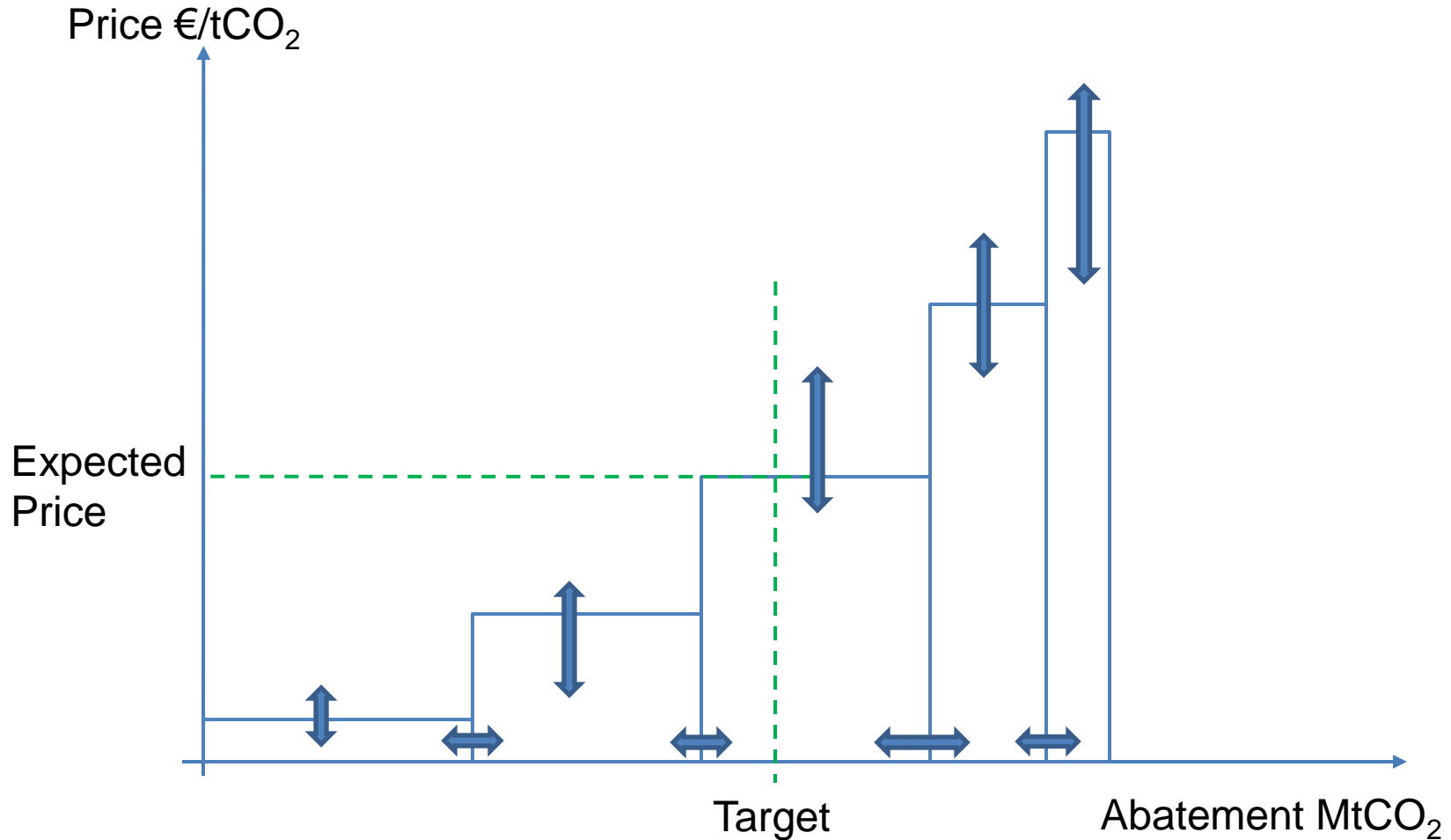
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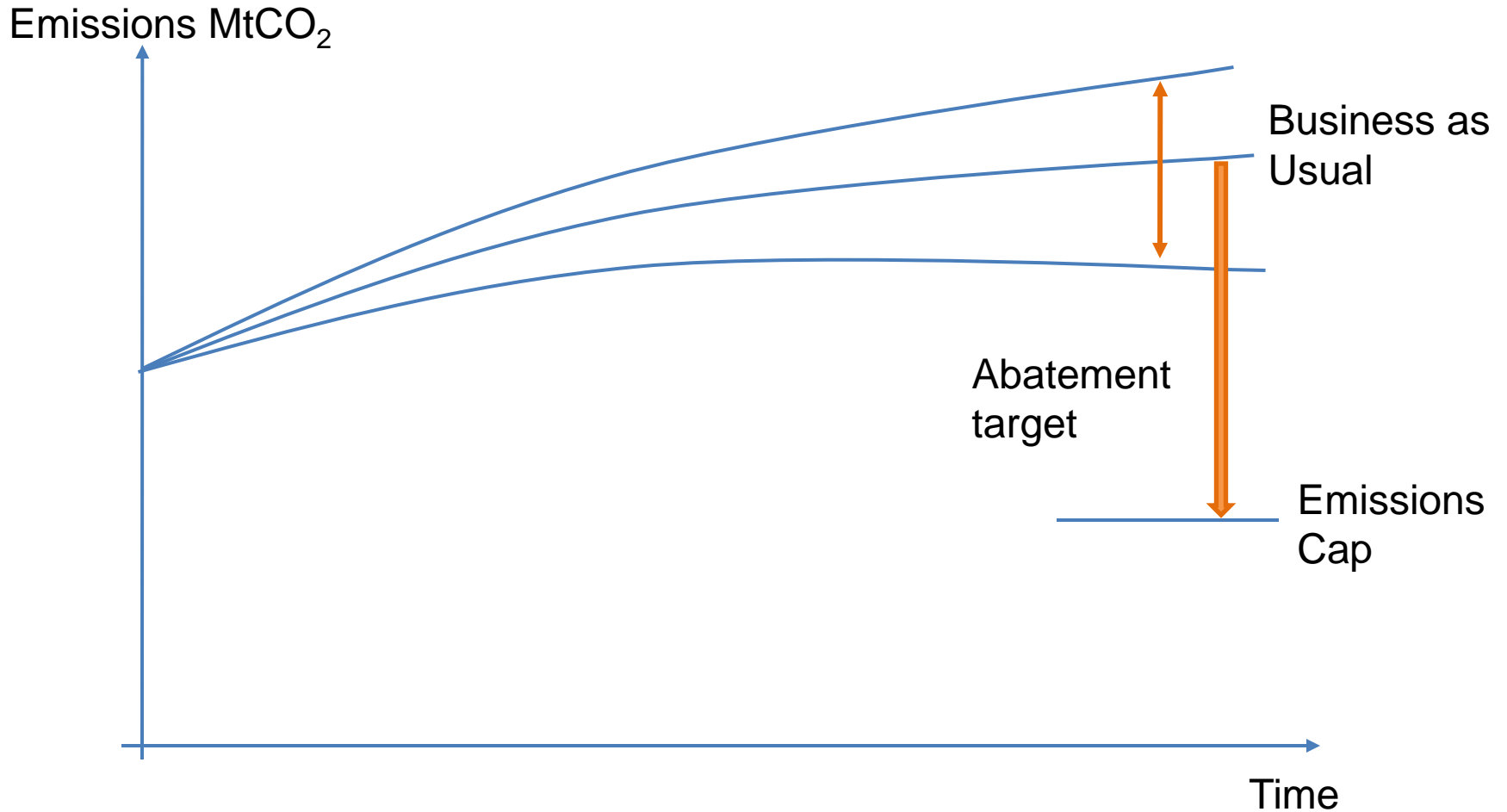
Overview

- Carbon price formation model:
 - Uncertainty
 - Policy interactions
 - Technology learning
- Acknowledgements
 - Funding EPRI, ESRC, BERR & DEFRA
 - Partnership London Business School, IEA

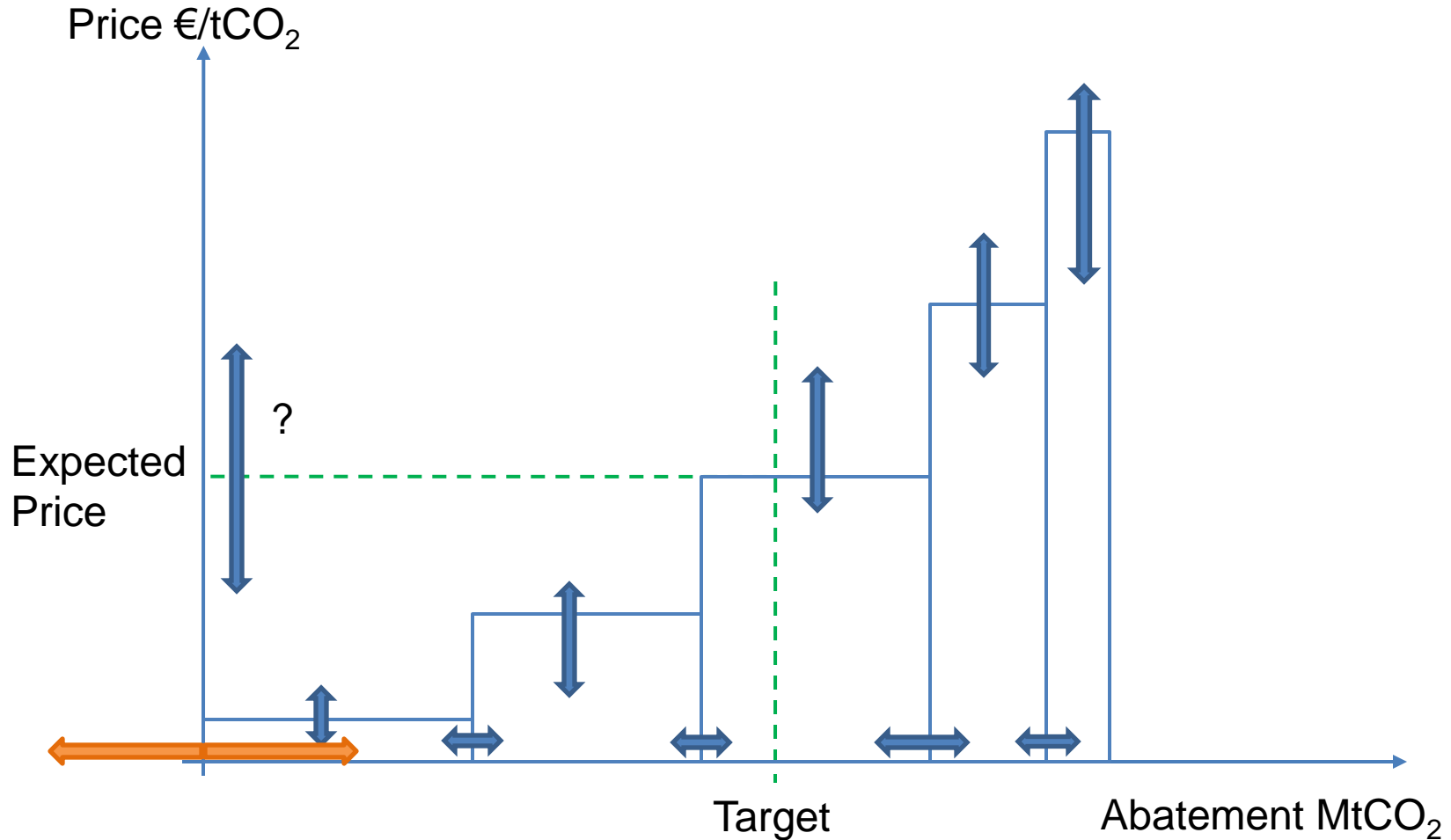
Conceptualising Uncertainty in Price Formation



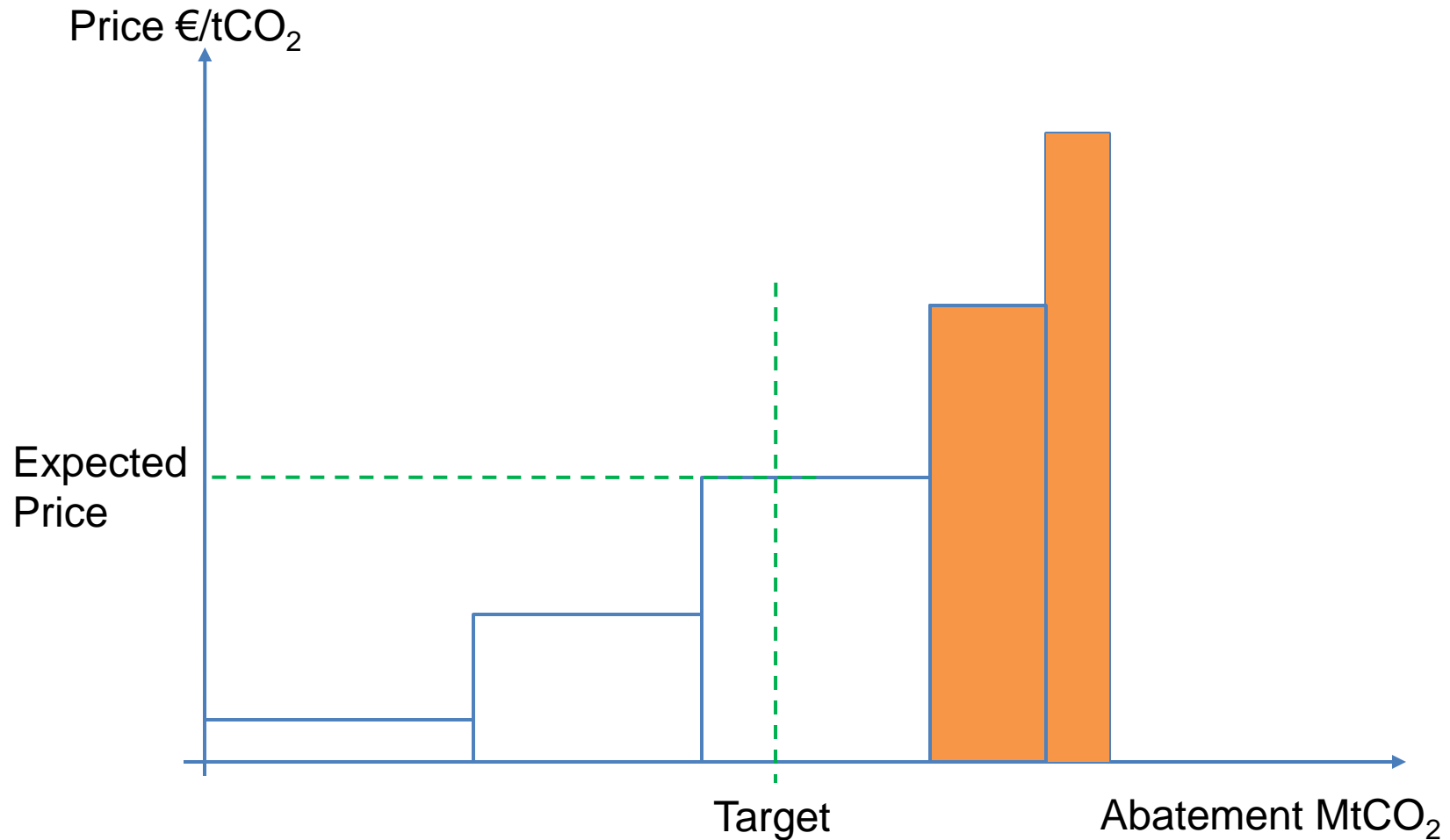
Measuring abatement against a baseline



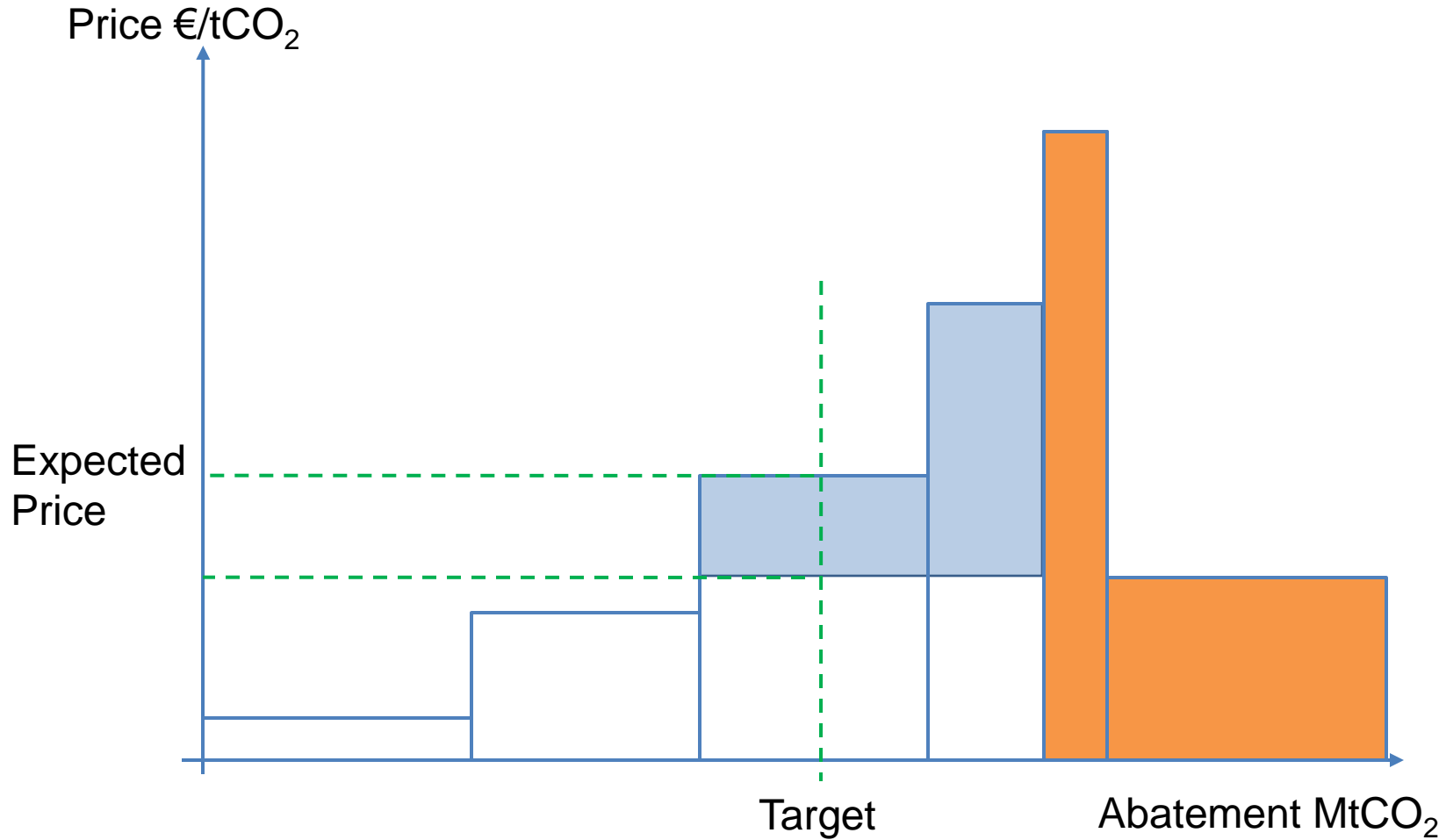
Conceptualising Uncertainty in Price Formation



Conceptualising Policy Interactions



Contingent Technology Costs



Data Sources

- Baseline emissions & RE scenarios
 - Central case based on PRIMES EU27 baseline
 - Range based on differences between PRIMES and WEO
 - BERR
- Technology costs & abatement potentials
 - IEA (Energy Technology Perspectives)
 - BERR (Pöwry, Redpoint)
- Fuel price scenarios
 - Central case based on PRIMES EU27 baseline
 - Variability based on BERR scenarios

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