Policy Interactions

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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

Price €/tCO₂

Expected Price

Target

Abatement MtCO₂
Measuring abatement against a baseline

- Emissions MtCO$_2$
- Time

- Business as Usual
- Abatement target
- Emissions Cap

Graph showing the relationship between emissions and time, with a vertical bar indicating the abatement target.
Conceptualising Uncertainty in Price Formation

Price €/tCO₂

Expected Price

Target

Abatement MtCO₂

Expected Price ?
Conceptualising Policy Interactions

Price €/tCO₂

Expected Price

Target

Abatement MtCO₂
Contingent Technology Costs

Price €/tCO₂

Expected Price

Target

Abatement MtCO₂
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
Contact Details

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