

IEA-IETA-EPRI, Paris Sept 2008

# Policy Interactions

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and

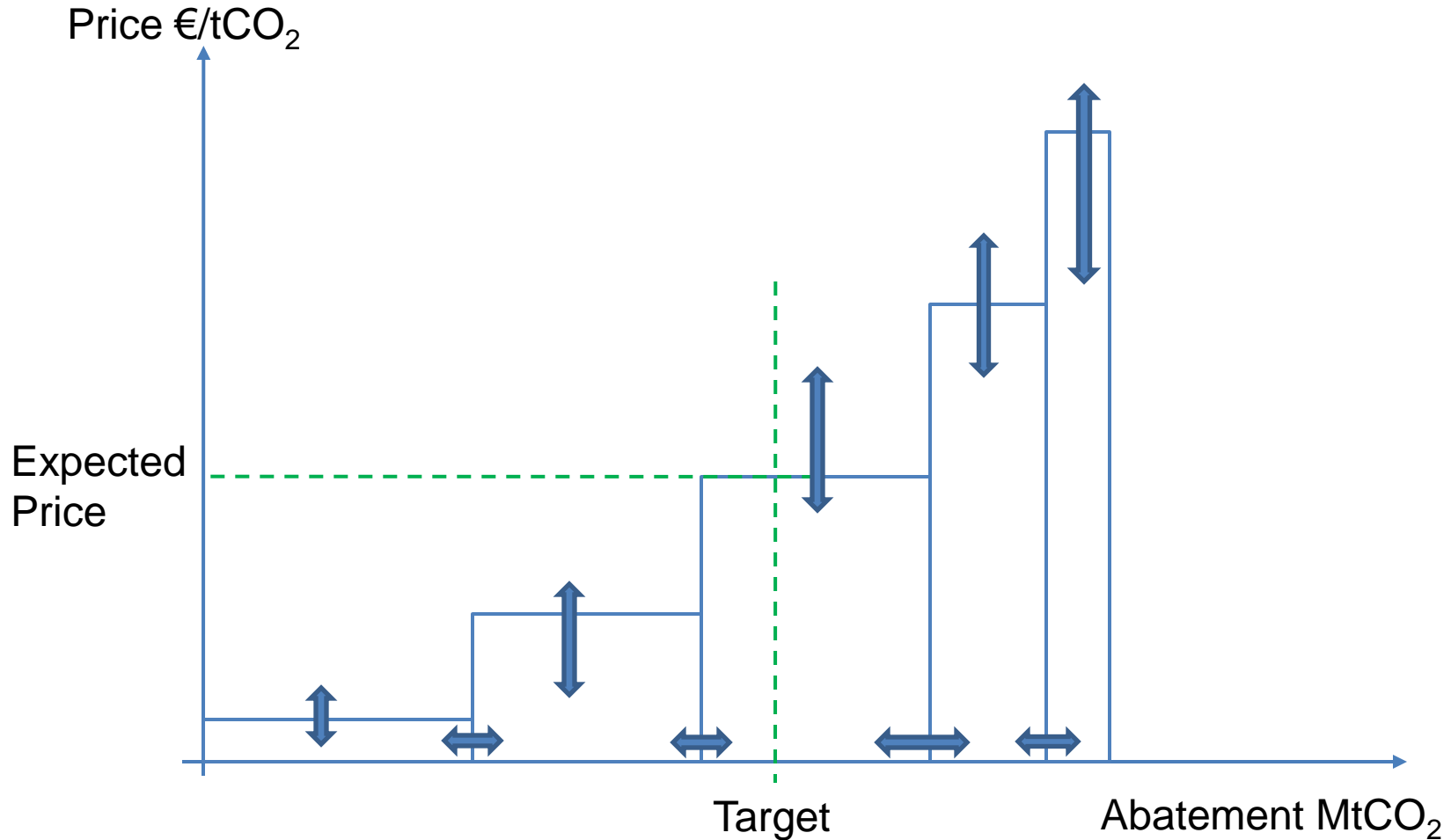
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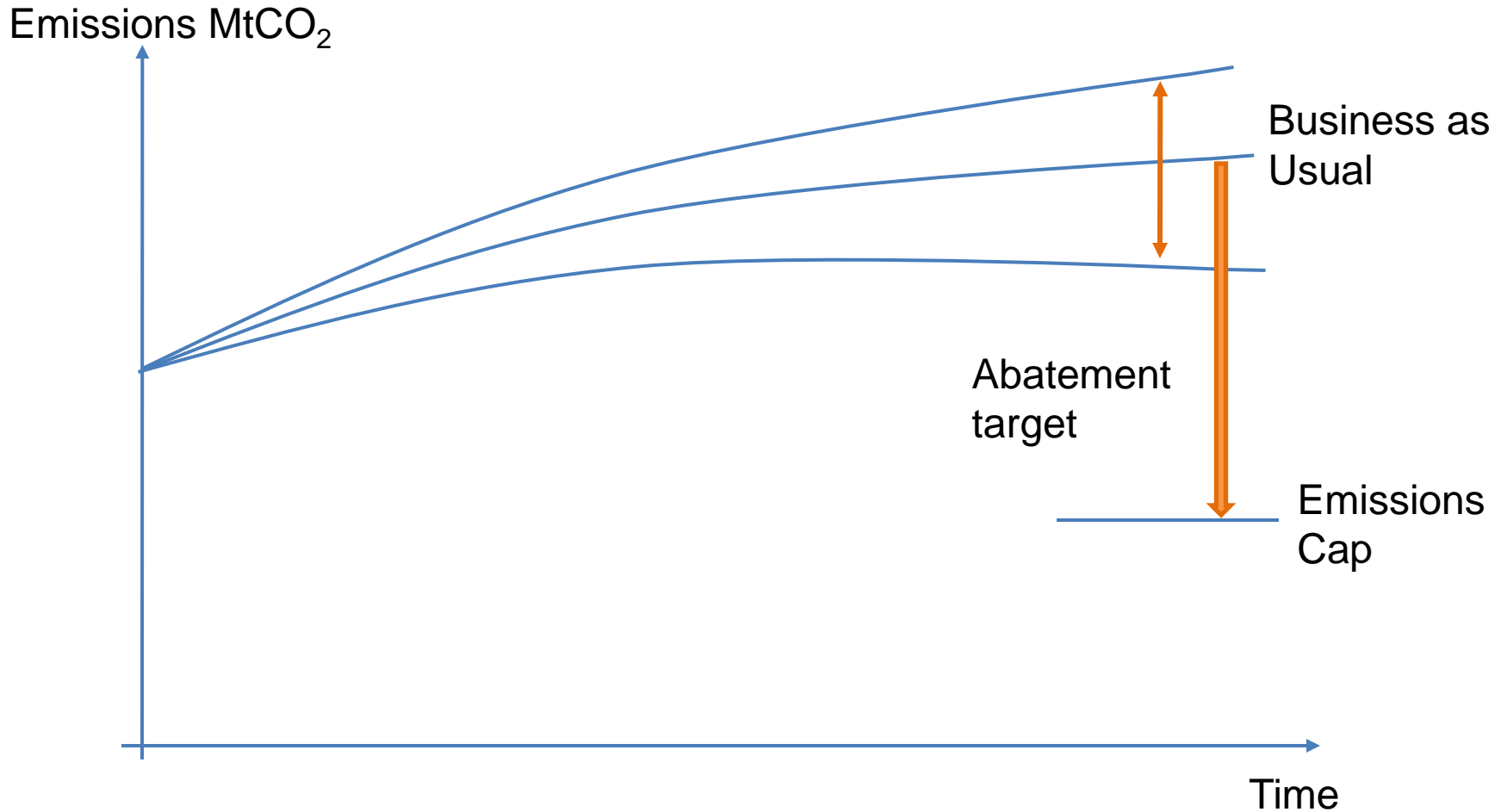
# Overview

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

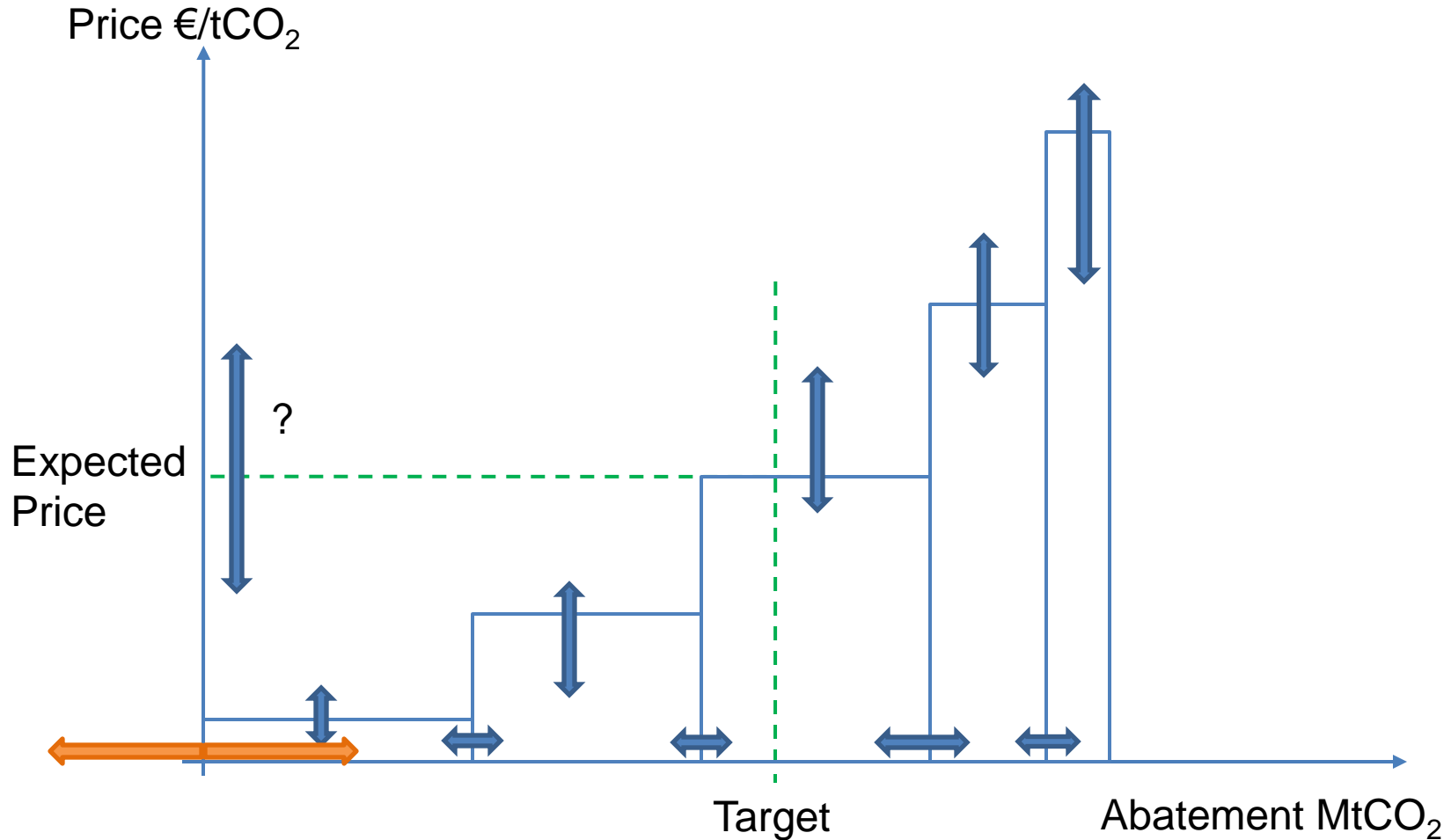
# Conceptualising Uncertainty in Price Formation



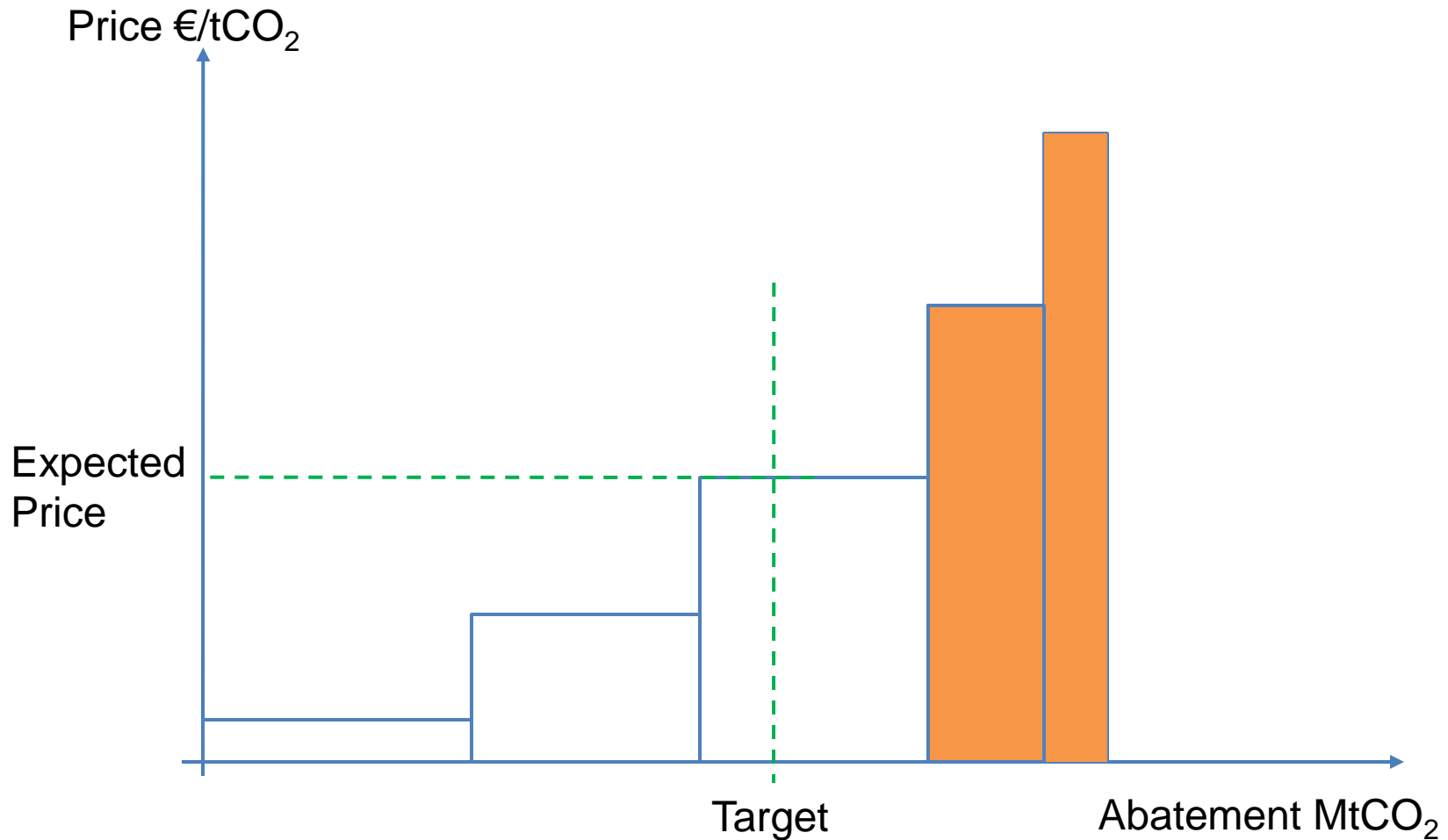
# Measuring abatement against a baseline



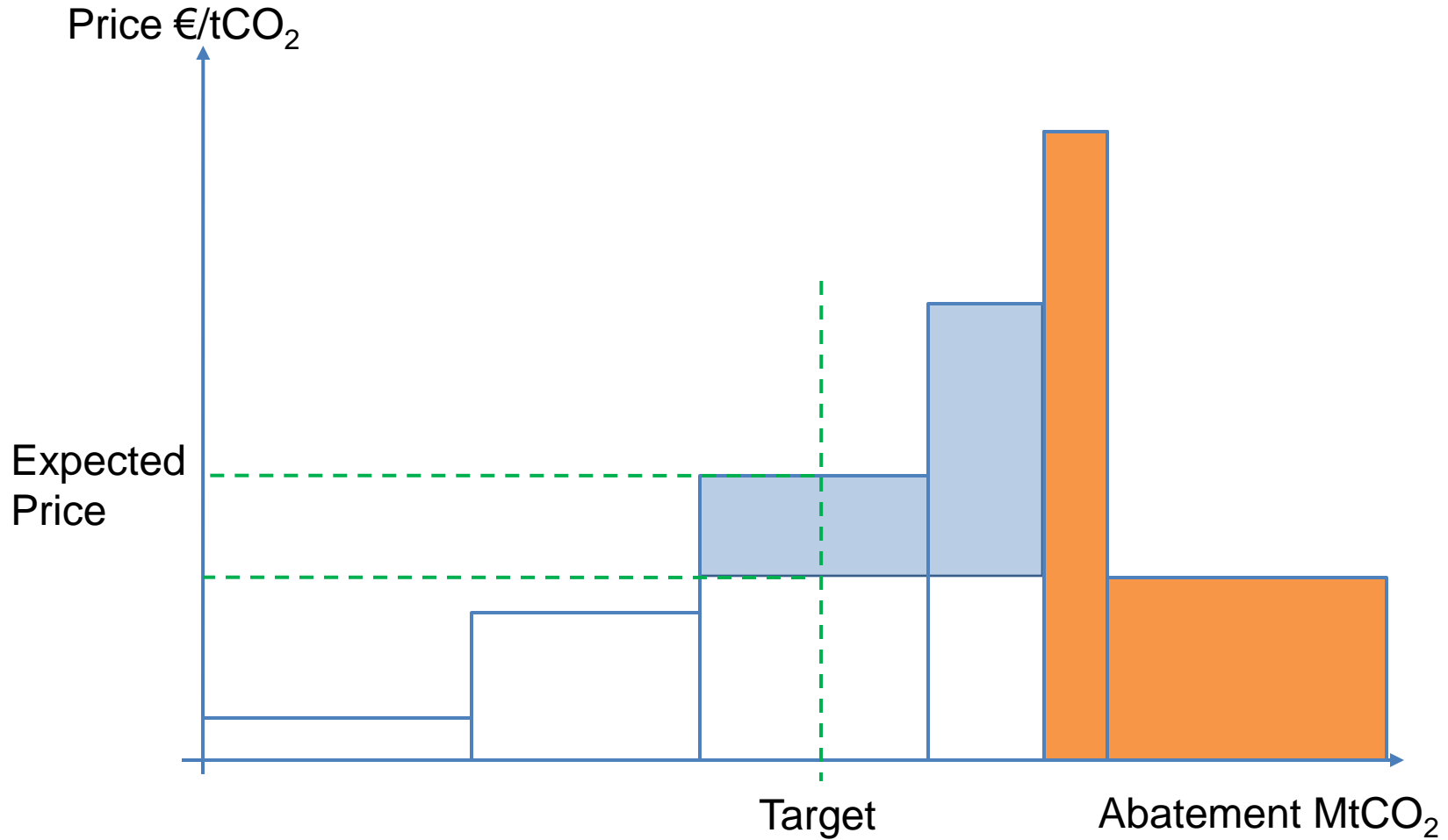
# Conceptualising Uncertainty in Price Formation



# 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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