

Low carbon society workshop: barriers and opportunities session



14th February 2008

Hannah Ryder

International Climate Change Economics,
Department for Environment, Food and Rural Affairs, UK

General findings and principles of the Stern Review

- ❑ Costs of reducing emissions low compared to costs of climate change inaction
- ❑ Competitiveness (and carbon leakage) effects possible in a few energy intensive sectors – represents key barrier
- ❑ New markets will be created. Investment in low-carbon electricity sources could be worth over \$500bn a year by 2050 – represents key opportunity
- ❑ Need to balance barriers and opportunities... how?

Policy choices for specific energy intensive sectors are important

- 3 possible choices with pros and cons attached to each:
 - Exemptions to general policies
 - Penalising those outside of general policies
 - Bringing in those outside of general policies
- Generally favour sectoral approaches – but what sort of approach will make most of opportunities?
 - Make it consistent with other approaches already in place
 - Make it as clear and sharp as possible to encourage early innovation.