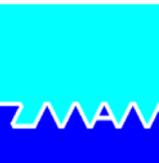




Discussion

- Gruebler: Output cost curve
- Lempert: Systematic sensitivity analysis
- Weyant: Valley of Death

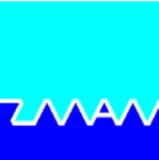






The Elephant and the Dragon in the Room

- Emerging and developing economies will dominate future energy use
- International technology diffusion is crucial
 - Trade (incl. second-hand)
 - Investment
 - Licensing
 - Piracy and reverse engineering
 - Education and research
- Barriers include protectionism and security





Incentives for technology diffusion



- Emerging and developing economies are not interested in emission reduction today, but they may be in the future
- They are interested in cheap and abundant energy, and in energy security
- There is a diffusion externality
 - Energy efficiency (in the broad sense)
 - Domestic, commercial, renewable energy
 - Carbon capture and storage

