



1st Workshop “Economic Theories and Low-carbon Transformation Policies”

22nd-23rd June 2017, Jesus College (Upper Hall), Cambridge

The workshop aims to advance analytical research on economic processes and policies for low-carbon transformation: policies meaning the role and tools of government and governance, and transformation as involving significant changes and innovation in (organizational) behaviour, technologies and systems, investment and financing.

The main objective is to incorporate in analytic models lessons learnt (drawing on the underlying empirics) and responses to novel issues raised by the current context of the climate policy. Through this we aim to increase the visibility of this research agenda in economics and to strengthen intellectual foundations to enhance clarity and credibility for policy making.

The format of the workshop will be centred on presentations of about 20 minutes followed by 10 minutes discussion on the specific technical aspects of each paper. These will then be followed by panel discussions on broader insights emerging from the papers and other considerations relevant to each of the themes. Thus we aim to provide an opportunity to explore (i) insights for broader understanding (ii) policy implications (iii) emerging structures and questions.

Thursday 22nd June

8.30 – 9.00 Registration & Welcome Coffee

9.00 – 9.30 Scene-setting introduction from the organizers

Olga Chiappinelli & Karsten Neuhoff (DIW Berlin)

Michael Grubb (University College London)

Jean-Charles Hourcade (CIRED)

9.30 – 11.00 Session 1: Insights on the Political Economy of Transition

Chair: Toke Aidt (Cambridge University)

Renaud Foucart (Humboldt University): Political economy of climate policy

Olga Chiappinelli (DIW Berlin): Time-consistent environmental regulation

Carmen Arguedas (Universidad Autonoma Madrid): Enforcing regulatory standards in stock pollution problems



Coffee break 11.00 – 11.30

11.30 – 13.00 Session 2: Carbon pricing acknowledging political dynamics

Chair: Stephen Smith (University College London)

Luca Taschini (London School of Economics): Dynamic Supply Adjustment and Banking under Uncertainty

Karsten Neuhoff (DIW Berlin): Carbon prices and targets

13.00 – 14.00 Lunch

14.00 – 15.30 Session 3: Behavioural Dimension of Transition

Chair: Olga Chiappinelli (DIW Berlin)

- Karolina Safarzynska (University of Warsaw): Integrating behavioural economics into climate-economy models: some policy lessons
- Michael Grubb (University College London): From macro to micro (and back again): new evidence and behavioural interpretations on the Bashmakov-Newbery constant of energy expenditure
- Stefan Lamp (Toulouse School of Economics): Projection bias in solar electricity markets

15.30 – 16.00 Coffee break

16.00 – 17.30 Panel 1: How can applied theory support policy making for a transition: reflection on the day

Chair: Karsten Neuhoff (DIW Berlin)

Opening comments: Matthew Elliott (Caltech University & Cambridge University)

Will Blyth (Chatham House, Oxford Energy Associates)

18.30 Drinks at Pickerel, 30 Magdalene Street, Cambridge, Cambridgeshire, CB3

19.30 Dinner at The St John's Chop House, 21-24 Northampton Street, Cambridge, CB3 0AD



Friday 23rd June

9.00 – 10.00 Session 4: Innovation and Investments

Chair: *Will McDowall (University College London)*

David Newbery (Cambridge University): Learning by doing - how to judge whether supporting solar PV is justified

Pablo Salas (Cambridge University): Systems Innovation and Inertia: A mathematical exploration with implications for climate change abatement

10.00 – 10.30 Coffee break

10.30 – 12.00 Session 5: Transition economics and implications for growth

Chair: *Jean-Charles Hourcade (CIRED)*

Etienne Espagne (CEPII): Secular stagnation and climate-related investments

Jean-Francois Mercure (Radboud and Cambridge University): Macroeconomic impact of stranded fossil fuel assets

Simone Borghesi (University of Siena): Emission trading and foreign direct investment

12.00 – 13.00 Panel 2: How to capture policy mixes for transition in analytic frameworks?

Chair: *Michael Grubb (University College London)*

Opening comments: Christina Hood (International Energy Agency) and Jean-Charles Hourcade (CIRED)

13.00 – 14.00 Lunch policy session: How can climate policy bridge gap between short-term tensions and long-term benefits?

Venue: The Cambridge Brew House, 1 King Street, Cambridge CB1 1LH



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Participants’ list

First name	Last name	Institution
Toke	Aidt	Cambridge University
Carmen	Arguedas	Universidad Autonoma Madrid
Will	Blyth	Chatham House, Oxford Energy Associates
Simone	Borghesi	University of Siena
Olga	Chiappinelli	DIW Berlin
Geoffroy	Dolphin	Cambridge University
Paul	Drummond	University College London
Matthew	Elliott	Caltech University & Cambridge University
Etienne	Espagne	CEPII
Renaud	Foucart	Humboldt University
Michael	Grubb	University College London
Stephen	Hall	University of Leeds
Christina	Hood	International Energy Agency
Jean-Charles	Hourcade	CIRED
Lili	Jia	Cambridge University
Stefan	Lamp	Toulouse School of Economics
Massimiliano	Montini	University of Siena
Will	McDowell	University College London
Jean-Francois	Mercure	Radboud and Cambridge University
Karsten	Neuhoff	DIW Berlin
David	Newbery	Cambridge University
Ryan	Rafaty	Institute for New Economic Thinking
Karolina	Safarzynska	University of Warsaw
Pablo	Salas	Cambridge University
Sandy	Skelton	Cambridge University
Stephen	Smith	University College London
Ida	Sognaes	Cambridge University
Luca	Taschini	London School of Economics