



Exploring Possible Futures

Video Transcript

Our futures

We asked you to decide how your energy future for 2050 will look like. Now let's have a look at our choices. Many of our energy and environmental problems stem from the fact that we have external effects that are insufficiently incorporated into market prices. Correcting for those effects should let the market figure out the optimal energy provision. So my choice for policy design is focused on accounting for the external effects of climate change, and for risks associated with the nuclear generation. If you look at the energy future where we don't have any policies in place you'll see that today, and in the future, the energy system will consist mostly of coal and nuclear with a tiny bit of gas and wind.

What I would do, because I'm convinced that nuclear imposes strong risks on society, is to have a deposit for nuclear accidents today, and in the future.

And in addition, introduce a CO₂ tax that accounts for the external damages caused by CO₂ emissions again, today, and in the future.

And what you see now, is an energy system that consists in the future, mostly of renewables, and in the present, is a mix of renewables and gas. This is how my energy future would look like.

While I follow your theoretical argumentation, I'm a bit more sceptical about the real world in here. A global CO₂ levy still seems a bit far away, and also the nuclear risk deposits. Let's take them out again, at least reduce them.

For the future I'm a bit more optimistic, but not that much.

Supporting renewables may not be the first best choice from a theoretic perspective, but it may help to foster change in the long run. So let us see if subsidising renewables today can help us to get a cheaper, and more green energy system in the future. So I take them up. What do we see here? We have more renewables today, thanks to the subsidy in there. And we have still a lot of nuclear because the risk deposit is not yet that high. But in the long run, we see a much higher renewable share than without any subsidies today. And we see a shift towards gas, because we have a slightly higher nuclear risk deposit in there.

We didn't achieve as much as in the theoretic first best, but at least we're getting in the correct direction. And this is my energy future.