

# Transforming the Energy System to Achieve the 2°C Target: Investment Risks and Policy Challenges

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# **Welcome**

## ***An Overview of Workshop Format and Objectives***

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# Background

- ALICE - **A**gents' **L**ong-term **I**nterest **B**ehaviour in the **C**ontext of **C**limate and **E**nergy

- Partners:



International Institute for Applied Systems Analysis



Potsdam Institute for Climate Impact Research



Oldenburg University

# Motivation

- Investments in energy sector
  - Long-term, central for sustainability + climate change
- Behavioural Economics: real actors do not behave like *hominī oeconomici*
  - time preference, biased perception/estimates, framing
  - well-known for individuals – what about firms?
- Implications for climate policies?

# Political Context

- 2°C target:
  - Adopted and suggested by the WBGU
  - Called for by the IPCC 2007
  - Included in the G8 statement 2009
  - included in the Copenhagen Accord 2009
- Targets to foster renewable energies:
  - EU: 20% by 2020
  - Germany: 30% by 2020

# ALICE-Research Questions

- Who decides about long-term investments in the energy sector?
- On the basis of which criteria?
- What needs to be done in the energy sector to achieve the 2°C target?
- What are trends in investments in the field of (new) coal?
- What are the risks and opportunities of larg-scale renewable energy investments in Northern Africa?
- What is the role of municipal utilities?

Thank you!