

Is Carbon Sequestration in Geological Formations an Option to Buy Time?

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In order to evaluate the timing of various mitigation options, we present an optimal economic growth model with endogenous technological change. We compare carbon sequestration with other mitigation options like substitution of fossil fuels by non-fossil fuels, improvement of energy efficiency and controlling economic growth. It turns out that the optimal timing of these mitigation portfolio allows to achieve ambitious climate protection goals with relatively low economic costs. The effects of optimal mitigation strategies on income distribution and investment are also analysed.

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