

How to judge whether supporting solar PV is justified

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Abstract Renewable electricity, particularly solar PV, creates external benefits of learning-by-doing that drives down costs. If eventually economic, these technologies will thereafter create social value by reducing carbon emissions with value greater than the cost of abatement. This paper sets out a method for assessing whether a trajectory of investment that involves initial subsidies is justified by the subsequent learning-by-doing spillovers and whether it is worth accelerating current investment rates. Given current costs and learning rates, accelerating the current rate of investment appears globally socially beneficial, particularly if that investment is deployed in high insolation locations.

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