

## Session 4 Handout

### Powering the Future: Evaluating Environmental and Energy Policy

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#### **General Concepts Covered**

- Entering common, easily quantified environmental and energy issues
- How to approach abstract, intangible, and normative issues
- Various factors involved in starting up a new energy generation or fuel industry (e.g. Infrastructure, Intermediate Demands, Firm/Industry Sales)

#### **Key Inputs**

##### Output

- Industry Demand
- Consumer Spending (including Reallocations of Spending)
- Disposable income
- Government Spending
- Investment Spending

##### Wages, Prices and Costs

- Production Costs
- Fuel Prices
- Consumer Prices

#### **Key Results**

- Employment
- GRP
- Personal Income
- Output

#### **Background Information/Tips**

- ✓ Most of the time gathering the data together for environmental and energy projects is the hardest part because both are difficult to value accurately, especially in the long term. Often expert opinions from engineering consultants are also necessary. After amassing data though, most simulations typically involve only a few variables.
- ✓ If consumer spending is being directed to/from a particular type of consumption, be sure to reallocate it from/to general consumer spending so that all aggregate consumption is accounted for.