

5.1 OBJECTIVE OF THE COST–BENEFIT ANALYSIS

Based on discussions with stakeholders it was agreed that a high-level economic cost–benefit analysis would be an appropriate method of examining options to manage the risks and vulnerabilities to Albania’s energy security in the face of climate change. Having subsequently considered the impacts of climate change on energy security further, and given that diversification of power generation assets was identified as a key adaptation option, stakeholders agreed that the objective for the cost–benefit analysis be refined to address the following question:

“What is the optimal technology (power generation asset) to supply the shortfall in electricity that is directly caused by climate change?”

Implicit in the word *optimal* in this question is the delivery of sustainable development. Also implicit is the time period over which options should be considered. During discussions with stakeholders, it was suggested that a 30-year period should be considered, however this was later refined to 40 years (up to 2050) to tie in with climate modelling timeframes and a notable threshold date.