



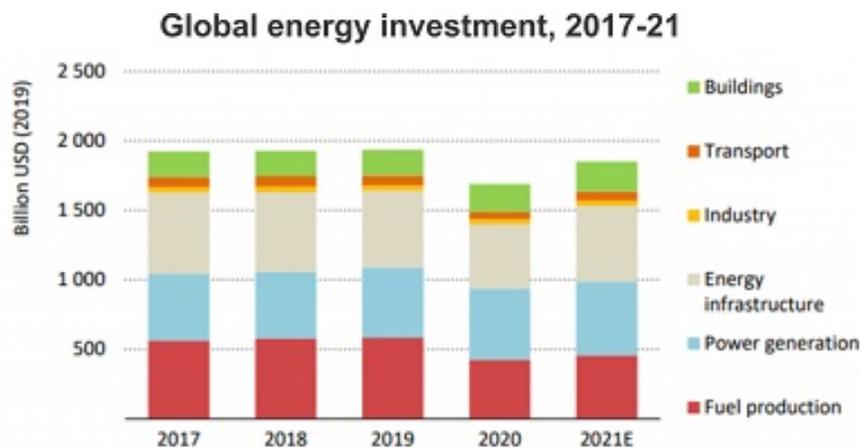
drishti

World Energy Investment Report, 2021: IEA

 drishtiias.com/printpdf/world-energy-investment-report-2021-iaa

Why in News

Recently, the International Energy Agency (IEA) published the **World Energy Investment Report, 2021**.



Key Points

- **Increased Investment in Energy Sector:**
 - Global energy investment is expected to rebound in 2021 and increase 10% year-on-year to around **USD 1.9 trillion**.
 - Most of this investment **will flow towards power and end-use sectors**, shifting out of traditional fossil fuel production.
 - The scenario is perfectly **aligned with the projection that global energy demand will rise 4.6% year-on-year in 2021**, offsetting its contraction in 2020.
- **Renewable Energy:**
 - Renewable power **will have the largest share** - around 70% of the total will be spent on new power generation capacity.
 - There will be **substantial gain of renewable energy** as the future energy outlook has been dependent on technological development, well-established supply chain and demand from consumers for carbon-neutral electricity.

- **Fossil Fuels:**
 - Upstream (production and exploration) **investment in oil is expected to grow 10%**. This expansion in fossil fuels was planned with novel technologies like **Carbon Capture and Storage (CCS)** and **bioenergy** CCS, which are yet to attain commercial success.
 - The increment of **coal-fired power in 2020, mostly driven by China, is indicating that coal is down but not yet out.**
- **Increased Emissions:**
 - The above **positive scenarios will still not deter the increase in carbon dioxide emission**, after contraction in 2020 mainly due to economic slowdown induced by the novel coronavirus pandemic.
 - Global emission is **set to grow by 1.5 billion tonnes in 2021.**
 - Many developing nations' **supporting policy and regulatory frameworks are not yet aligned with long-term net-zero goals.**
 - Net zero emissions** refers to achieving an overall balance between **greenhouse gas** emissions produced and greenhouse gas emissions taken out of the atmosphere.
 - In many **Emerging Market and Developing Economies (EMDEs)**, investment in renewables was hit harder by **Covid-19** than in developed nations – and now many EMDEs have prioritised coal and oil in recovery plans.
- **Reasons of Increased Emissions:**
 - The **emerging market is almost 70% responsible** for demand growth and **India plays an important part in this block.**
 - **China is showing a tremendous expansion in coal-based power production** — their coal consumption in December 2020 was a historic high — though the country has a commendable renewable growth.
 - The **responsibility-share of developed nations should not be undermined.** Their in-country **growth of emission is moderate but their exported emission is of concern.**
 - Australia's** exported emission through coal is double its domestic emission.
 - Although the US has shown renewed commitment to the multilateral **United Nations** system for tackling **climate change** by re-joining the **Paris agreement**. Its fascination with cheap shale gas is creating an investment distortion and **adversely affecting the sustainability of developmental pathways of countries like India.**

International Energy Agency

- **About:**
 - It is an **autonomous Intergovernmental Organisation established in 1974** in Paris, France.
 - IEA mainly **focuses on its energy policies** which include **economic development, energy security and environmental protection**. These policies are also known as the **3 E's of IEA**.
- **India and IEA:**
 - **India became an Associate member of IEA in March 2017** but it was in engagement with IEA long before its association with the organization.
 - Recently, India has inked a **Strategic Partnership Agreement with the IEA** to strengthen cooperation in global energy security, stability and sustainability.
- **IEA Clean Coal Centre:**

It is dedicated to providing independent information and analysis on how coal can become a cleaner source of energy, compatible with the UN Sustainable Development Goals.
- **Reports:**
 - **World Energy Investment Report, World Energy Outlook Report, Global Energy Review.**
 - Recently, it has released the **India Energy Outlook 2021 Report and Net Zero by 2050**, World's first comprehensive energy roadmap.

Way Forward

- Market stimulus **amid the pandemic may have lost the opportunity** to maximise the clean developmental pathway, which the world is in dire need of.
- The **urgency visible in communication is still not satisfactorily reflected in action** and the world is far away from the scientific target of limiting climate change within two degrees Celsius.
- A **more democratic decision-making process and de-corporatisation of the energy sector is the need of the future** for the survival of civilization on this planet.

Source:DTE