



2021-IP03

IEA Key Priorities and Special Projects for 2021

Dr Fatih Birol, IEA Executive Director, describes 2021 as a pivotal year for the world's climate and a milestone year for the IEA. On 11 January, he hosted a press webinar to announce new projects and key priorities for the coming year in line with its focus on accelerating clean energy transitions. Prior to announcing his 2021 priorities, Dr Birol presented some interesting analysis and insights on the global energy market and emissions.

2020 had delivered a huge shock to energy markets, with energy demand dropping by 5% – a factor of seven higher than the drop following the 2008 financial crisis. While the global economy is expected to recover and energy demand rebound – once the pandemic is under control – deep scars were likely to be felt for many years to come.

Oil and gas markets had seen their wildest year in modern history. In April 2020, oil demand declined by 25% accompanied by negative oil prices. The question 'Has oil demand peaked?' was on many lips, yet could not and cannot yet be answered with any confidence. Oil demand will rebound, that is certain. The uncertainty lies in the impact of structural measures that governments take in response to the pandemic. In China, for example, where the pandemic appears to have been brought under control, oil demand is now higher than it was a year ago. The coal market has seen its largest drop since the Second World War. For coal demand to enter structural decline, major policies would need to be put in place. In their absence, coal demand may be expected to rebound in 2021.

In sharp contrast to fossil fuels, renewables have 'defeated' COVID, being the only technologies to experience increased deployment during the past year – mostly via solar and offshore wind. As widely publicised, solar is the new king of the electricity markets, with renewables set to replace coal and become the largest source of electricity by 2025.

In the absence of effective, targeted energy policies, global emissions are set to rebound in 2021. However, Dr Birol described how conditions were such that 2021 could be an important year for the global climate, bringing even the more stringent goals of the Paris Agreement within reach:

- There is significant new political alignment on climate which opens up a world of possibilities. Many of the largest economies, e.g. EU, China and Japan, have committed to net-zero emissions by mid-century. With the certainty that the new US administration will join them, countries aligned with this pledge are responsible for 60% of current global emissions. Several other countries, including other major economies, will soon also make pledges to adopt this emissions target.
- In 2021, a large number of stimulus packages will be announced. Hopefully, these stimulus packages will be central to recovery plans, with the trillions of dollars injected into the global economy placing clean energy technology at heart of the stimulus packages.
- Leaders of the world to meet are due to meet later this year at COP26 in Glasgow. Expectations are running high. There is great optimism that strong opportunities will



yield unmistakable signals to the energy industry and investors on what will and will not be profitable.

As the IEA sees itself in the vanguard of the clean energy transition, it was today announcing a new set of priorities and special projects:

1. **Special Report: The World's Roadmap to Net-Zero by 2050.** This report will set out in great detail plans for the global energy sector to reach net-zero by 2050. Using the IEA's unparalleled access to energy data and its sophisticated modelling tools, the report is planned for publication on 18 May. It will contain concrete recommendations across the energy sector to meet the net-zero target. The study was requested by the COP26 President, Alok Sharma, and COP26 CEO, Peter Hill.
2. **2nd IEA Clean Energy Transitions Summit.** A follow-up to the 1st IEA Clean Energy Transitions Summit, held as a virtual event in July 2020, the 2nd Summit will be jointly organised with the UK and COP26 Presidency. To be held on 31 March, co-chairs will be Alok Sharma and Fatih Birol. As with the 1st Summit, the event will be live broadcast across the world.
3. **Global Commission: Our Inclusive Energy Future.** This high-level commission will feature an independent panel of government ministers and global thought leaders to address the question of achieving as fair and equitable an energy transition as possible. The commission's meetings will be chaired by Danish Energy, Climate and Utilities Minister Dan Jørgensen and result in key recommendations in advance of COP26.
4. **Special Report: Financing Clean Energy Transitions in Developing Economies.** The production of this report will be undertaken in collaboration with the World Bank and the World Economic Forum. Growth in emissions is coming from the developed economies, but rather from, e.g. India, South-East Asia and Africa. Over the next two decades, the urban population of Africa set to rise by ½ billion people. In India, a city the size of Los Angeles will be added to its urban population every single year. How to mobilise the finance to build the clean energy infrastructure, how to finance the clean energy transition are questions that will be addressed in the report, which will be announced at the WEF's Annual Meeting in Singapore in May.
5. **Special Report: Role of Critical Materials in Clean Energy Transitions.** The availability of critical minerals are key to future energy security. If clean energy transitions are not secure, they will not be rapid either. Examples of such minerals include lithium, cobalt and nickel for use in batteries, and rare earth elements that are used in wind turbines and electric vehicles. Additionally, supply must not only be sufficient but the critical minerals must also be produced responsibly. A significant increase in demand and strains on supply could well lead to geopolitical implications. The report, looking at the global perspective, will be released in April.