

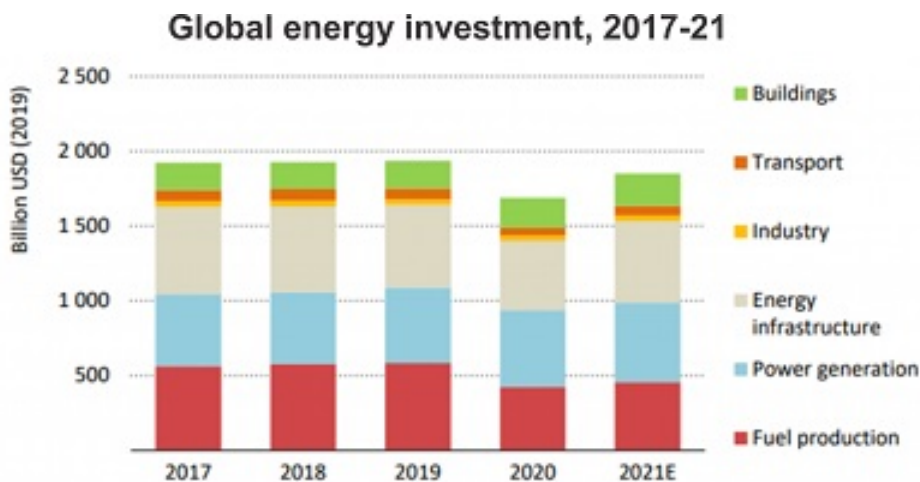


World Energy Investment Report, 2021: IEA

Why in News

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

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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](#)

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