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the energy mix

A different energy industry will emerge from the crisis

The Covid-19 pandemic has massively disrupted the global economy, forcing large parts of the world into confinement and creating the largest shock to the global energy system in more than seven decades.

Last week, the IEA published the most detailed and up-to-date look at the pandemic's impact on all major fuels and carbon emissions, based on more than 100 days of real-time data. Our new **Global Energy Review** found that the drop in energy demand this year is set to be seven times the decline after the 2008 financial crisis and lead to a record fall in carbon emissions of almost 8%, taking them to their lowest level in a decade.

With travel, trade and mobility restricted by various lockdown measures, demand for fossil fuels is falling across the board for coal, oil and natural gas. At the same time, we're seeing a major shift towards low-carbon sources of electricity including wind, solar PV, hydropower and nuclear. Low-carbon technologies are now set to extend their lead as the largest source of global electricity generation, reaching 40% of the power mix in 2020.

"*This is a historic shock to the entire energy world. Amid today's unparalleled health and economic crises, the plunge in demand for nearly all major fuels is staggering, especially for coal, oil and gas. Only renewables are holding up during the previously unheard-of slump in electricity use,"* said Dr Fatih Birol, the IEA Executive Director. "*It is still too early to determine the longer-term impacts, but the energy industry that emerges from this crisis will be significantly different from the one that came before."*

The Global Energy Review's projections of energy demand and energy-related emissions for 2020 are based on assumptions that the lockdowns implemented around the world in response to the pandemic are progressively eased in most countries in the coming months, accompanied by a gradual economic recovery.

Find out more in the **full report available online**.

Global energy leaders highlight the importance of clean energy for economic recoveries

The drop in emissions is unprecedented. But if the aftermath of the 2008 financial crisis is anything to go by, carbon emissions could rebound sharply as economic conditions improve. This is the

reason why policy makers should step up their clean energy ambitions and steer energy-related investments onto a more secure and sustainable path.

This was the theme of a recent high-level roundtable discussion that the IEA co-hosted with the Government of Denmark. During the virtual meeting, dozens of ministers, leaders of international organisations and company CEOs from around the world discussed the importance of making clean energy a central part of the global economic recovery from the Covid-19 crisis.

Co-chaired by Dan Jørgensen, Minister for Climate, Energy and Utilities of Denmark, and Dr. Birol, the virtual meeting focused in particular on the potential of energy efficiency and renewables – two of the key pillars of clean energy transitions – to create jobs, enhance economic competitiveness and improve the resilience of energy systems.

Read more and see the full list of participants in our **press release**.

Hydrogen and battery storage stand out as two key technologies for decarbonisation

Renewables and efficiency will be essential to put the world on track to meet climate goals and other sustainability objectives, but the two of them alone will not be sufficient. As our analysis has repeatedly shown, a broad portfolio of clean energy technologies will be needed to decarbonise all parts of the economy.

Batteries and hydrogen-producing electrolysers stand out as two important technologies in this regard, thanks to their ability to convert electricity into chemical energy and vice versa. Ideally, clean energy stimulus packages would include both battery and electrolyser manufacturing in order to take advantage of the spill-over benefits between the two technologies. Both industries have the potential to create many jobs across their entire supply chains as the use of batteries and hydrogen picks up.

Read more in our **latest article** from IEA analysts Timur Gül, Araceli Fernandez-Pales and Leonardo Paoli.

Efficiency can play a central role in enhancing the impact of stimulus packages

The Global Commission for Urgent Action on Energy Efficiency held a **virtual meeting on 21 April** to discuss **the vital role that energy efficiency can play** in improving the effectiveness of stimulus packages that governments are developing in response to the Covid-19 crisis. Several ministers, political and thought leaders and business executives from Asia, Africa, Europe and the Americas discussed the potential for energy efficiency to create jobs and provide economic stimulus while also ensuring long-term improvements in energy systems.

The Commission will publish its recommendations in late June, providing advice to governments around the world on how they can act quickly to accelerate energy efficiency progress through well-designed and well-implemented policy action.

Learn **more about the Commission** and its activities **over the past year**.

Stay tuned for more valuable energy insights

The IEA is providing a range of data, analysis and recommendations to help governments and industry make smart decisions as they deal with the immediate crisis while aiming to move towards more affordable, secure and sustainable energy systems in the longer term. In the next few months, we have a lot more important work and events coming up.

- On May 14, the next edition of our monthly **Oil Market Report** will provide the latest data, forecasts and analysis on what is happening in the global oil market, which has experienced exceptional turmoil in recent months.
- On May 27, we will publish the World Energy Investment report, which will look at how the Covid-19 crisis is affecting global spending in different parts of the energy sector.
- In June, we will release a new World Energy Outlook special report on sustainable recoveries that will quantify the economic and job-creation potential of building a more resilient and cleaner energy sector.
- In early July, we will launch the first instalment of our revamped Energy Technology Perspectives report, with concrete advice on how governments can accelerate technology innovation even in challenging times such as these.
- And on 9 July, the IEA Clean Energy Transitions Summit will bring together a very large group of ministers and key energy decision-makers to identify economically dynamic ways to step up real-world action aimed at structural reductions in carbon emissions.

Learn more about our work examining what the pandemic means for electricity security, oil markets, renewables, clean energy transitions and much more on our **Covid-19 analysis hub**.

ENERGY SNAPSHOT

WHAT WE'RE READING

- **Emissions Declines Will Set Records This Year. But It's Not Good News.** [New York Times]
- **Demand fall offers glimpse into oil industry's future** [Financial Times]
- **World has 'historic' opportunity for green tech boost, says global watchdog** [Reuters]
- **Secrets of Lockdown Lifestyle Laid Bare in Electricity Data** [Bloomberg]

COMING UP

- **14 May**: Oil Market Report
- **21 May**: Renewables Market Update
- **27 May**: World Energy Investment 2020
- **18 June**: World Energy Outlook Special Report on Sustainable Recovery
- **2 July**: Energy Technology Perspectives 2020
- **9 July**: IEA Clean Energy Transitions Summit

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