



World Energy Outlook 2021

1-2 December 2021

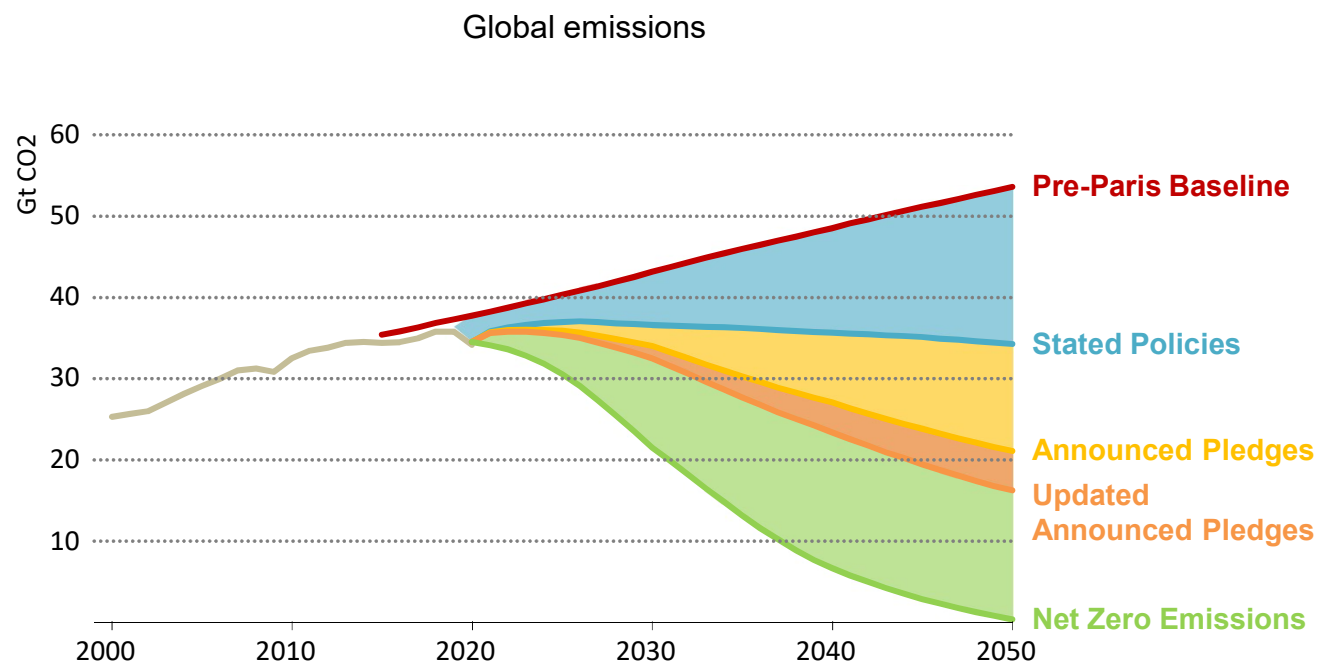
Apostolos Petropoulos, Energy Modeler

A large blue right-angled triangle pointing towards the top-right corner of the slide.

International
Energy Agency

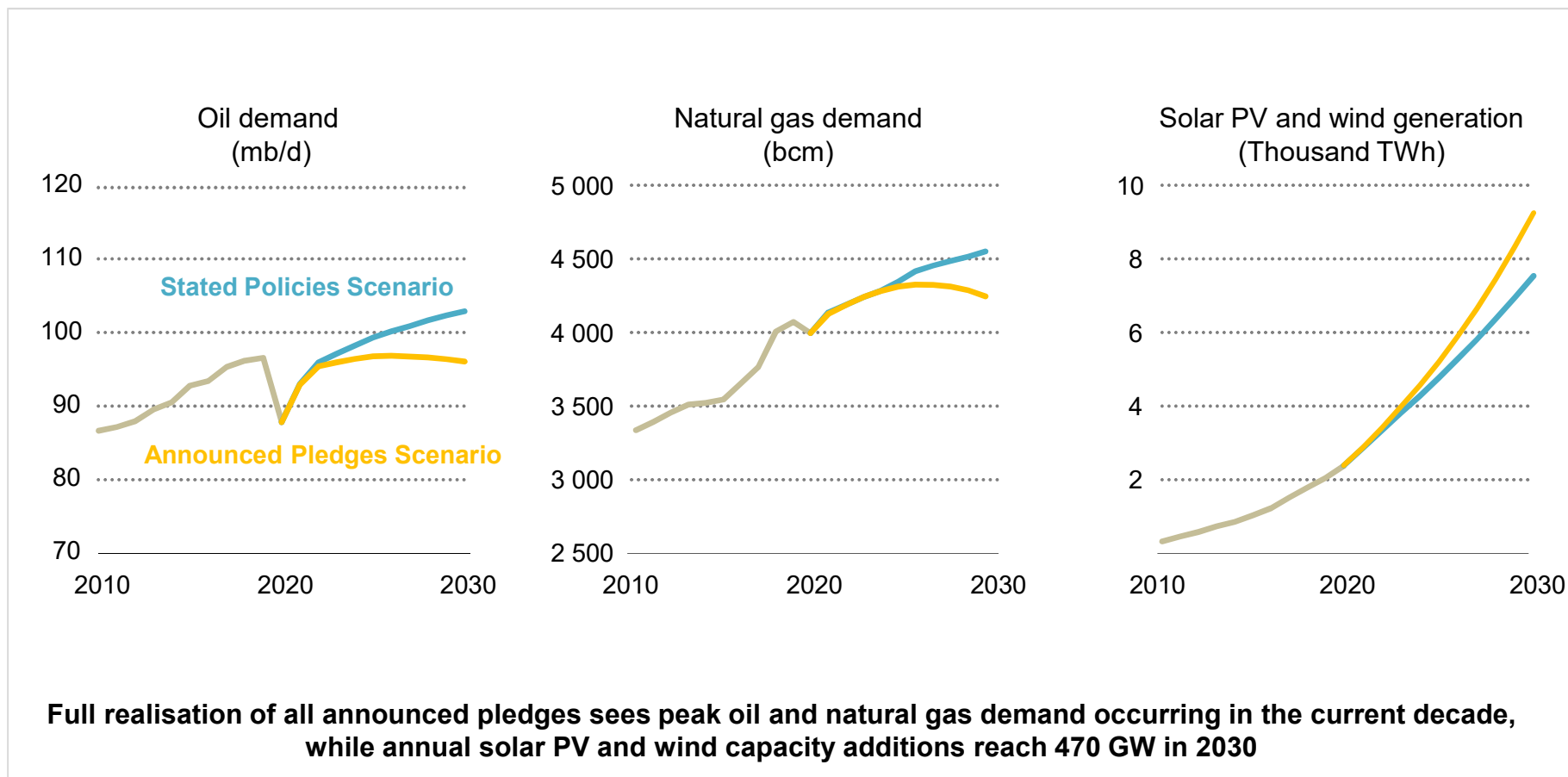
- In the run-up to a crucial COP26 meeting in Glasgow:
 - Economic recovery is putting gas, coal & power markets under strain, with sharp spikes in prices
 - Weather-related factors are having large implications for the energy sector
 - A new global energy economy is emerging, with wind, solar & EVs all setting new records
 - The shadow of the pandemic still looms large, and has set back progress on energy access
- COP26 provided significant momentum for clean energy transitions, with key achievements on commitments to net zero emissions & methane, international collaboration and rules to implement the Paris Agreement
- Climate ambitions have never been higher, but the energy & emissions data does not match the rhetoric
- This special edition of the WEO explores the transformation of the energy sector in detail, examining:
 - Where the world is heading, and how this changes if countries meet all their announced pledges
 - How the world can keep the door to 1.5 °C open, following the IEA's landmark net zero by 2050 roadmap
 - The opportunities and benefits that lie along the way, as well as the implications for energy security

The world is starting to bend the emissions curve

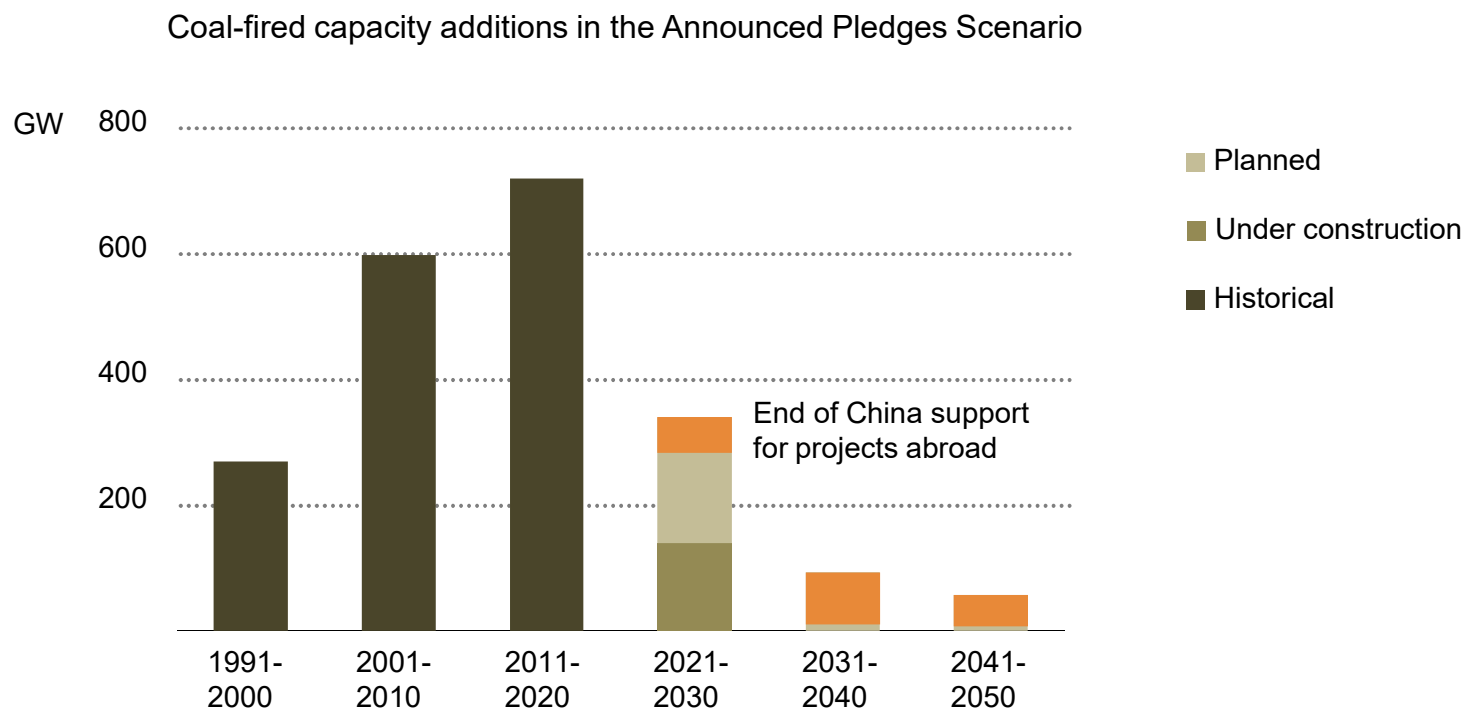


**New policies, technology cost reductions, and the pandemic have pulled the projected emissions curve down.
But there is still a large gap between announced pledges and the net zero emissions scenario.**

And announced pledges re-shape global energy markets

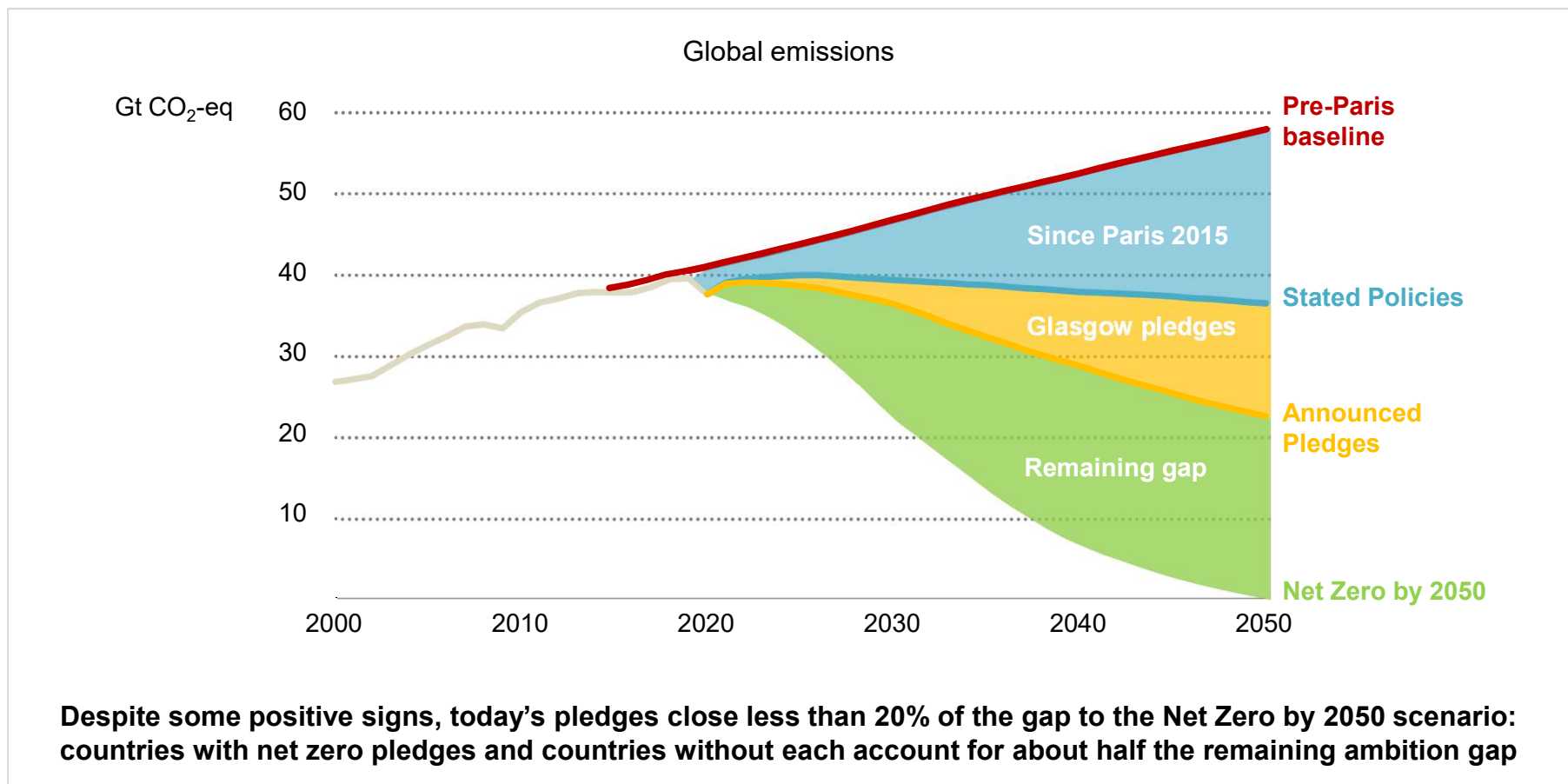


New coal power is on its way out

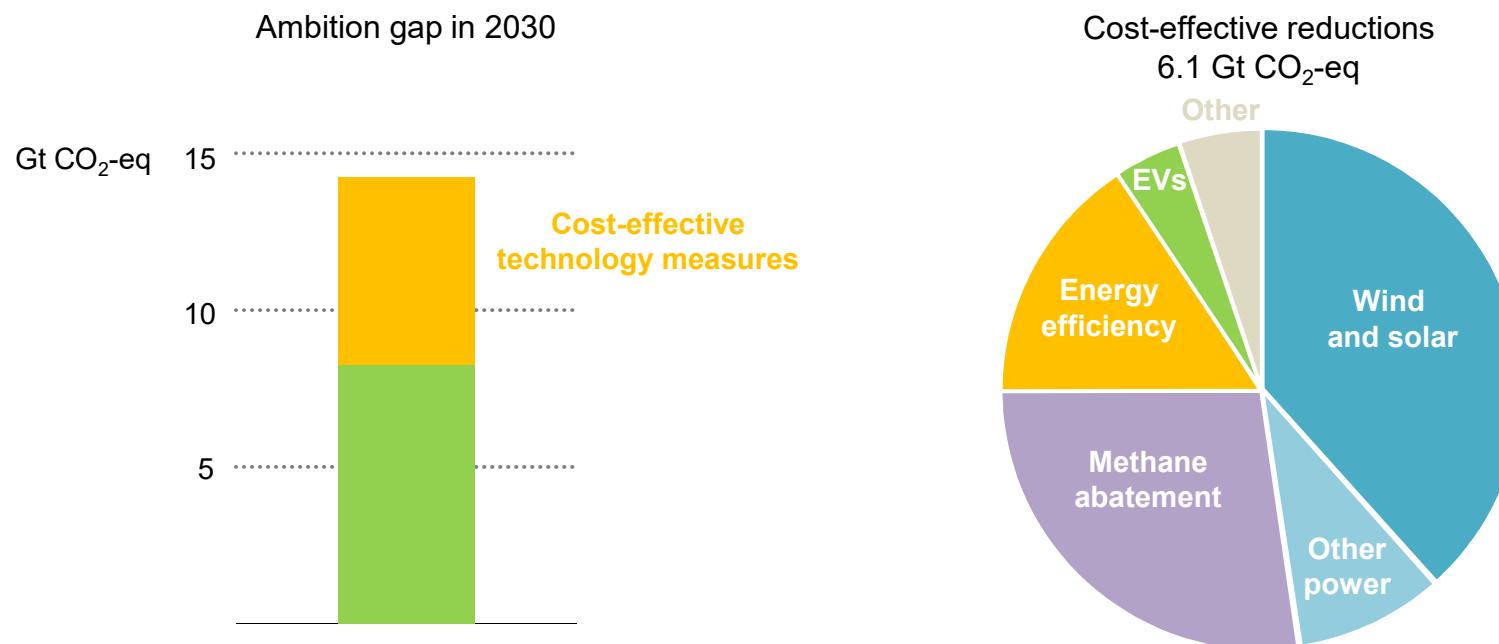


After decades of growth, construction of unabated coal power plants sharply declines under announced pledges, and cancellations could cut 20 Gt of emissions to 2050, comparable to savings from the EU reaching net zero by 2050

A large ambition gap remains in 2030



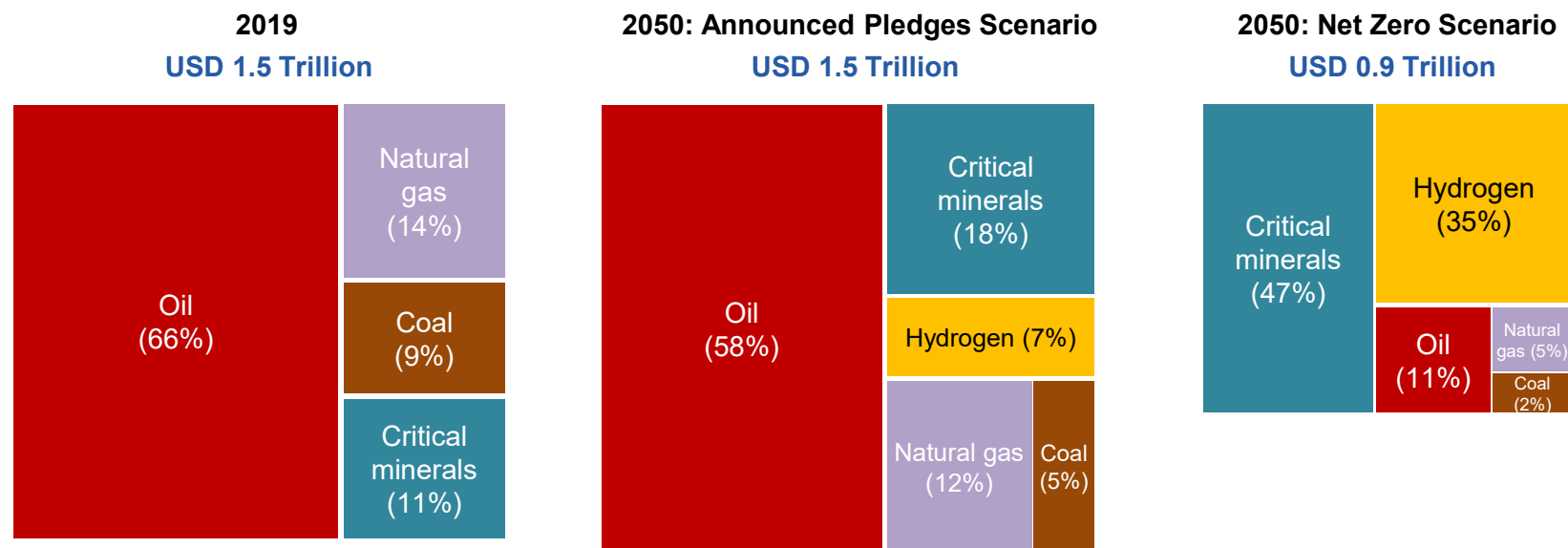
But we have cost-effective ways to close the gap



Technologies and policies are available to close the emissions gap to 2030. More than 40% of the actions required are cost-effective – bringing more low-cost renewables into power, reducing methane leaks, and improving efficiency

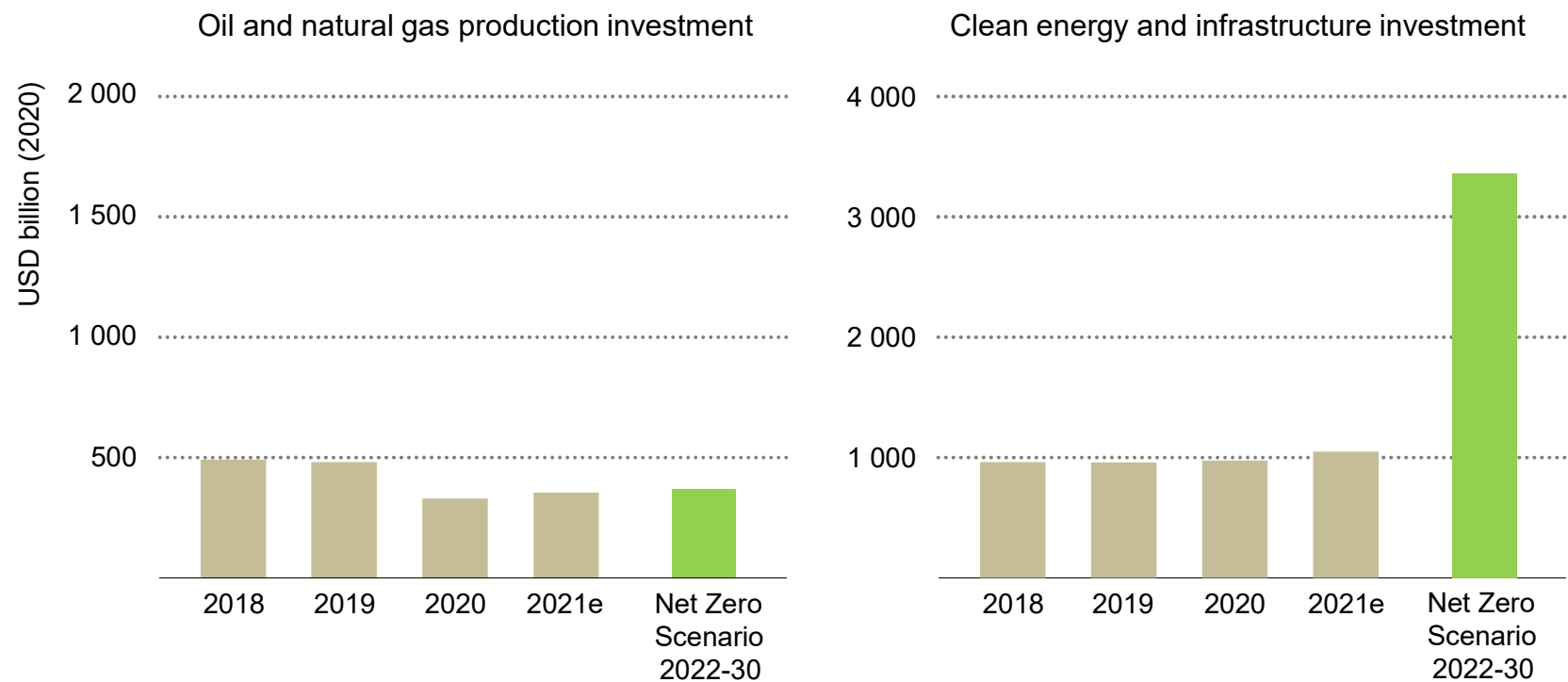
The rise of new energy-related commodities

Value of international energy-related resource trade



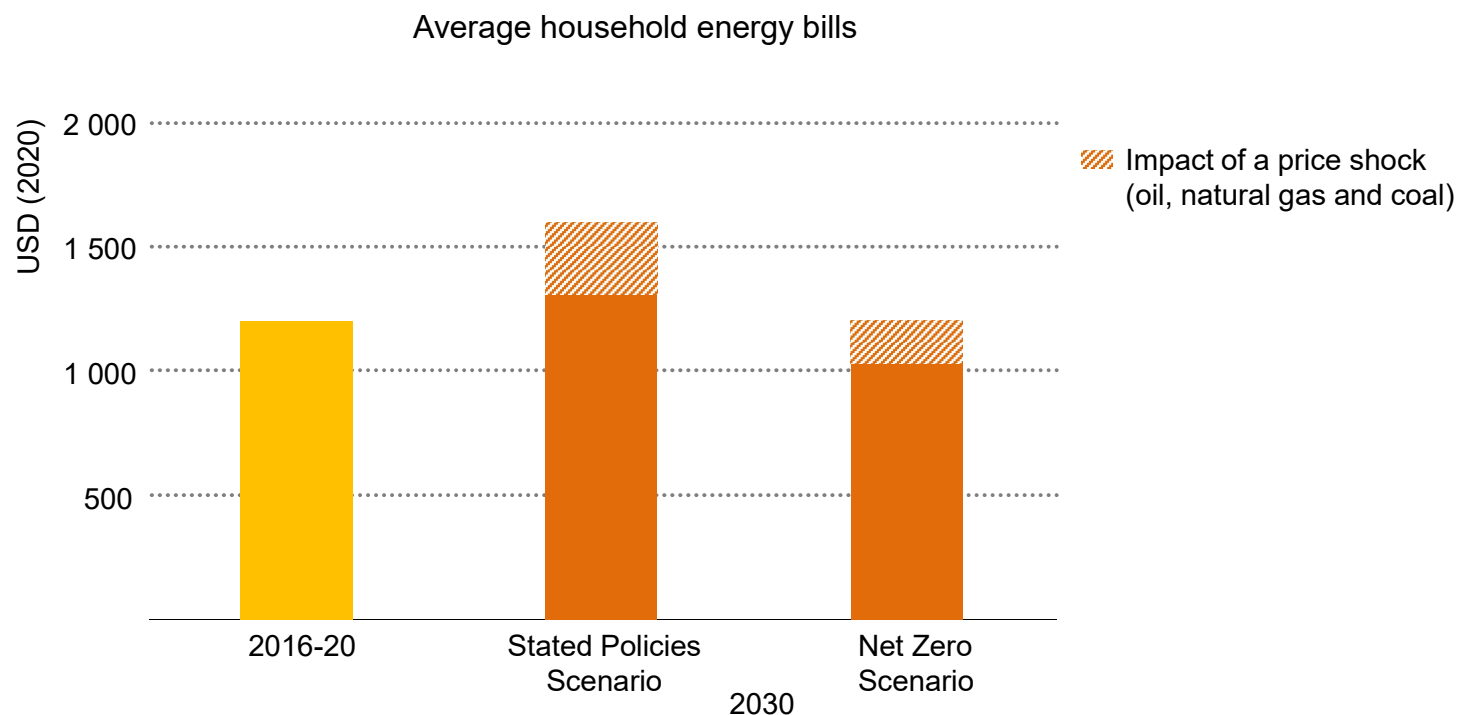
Under announced pledges, a growing share of oil and gas trade flows towards developing economies in Asia. In all scenarios, but especially in the net zero pathway, critical minerals and hydrogen-based fuels are on the rise

Looming risk of more turbulence ahead for energy markets



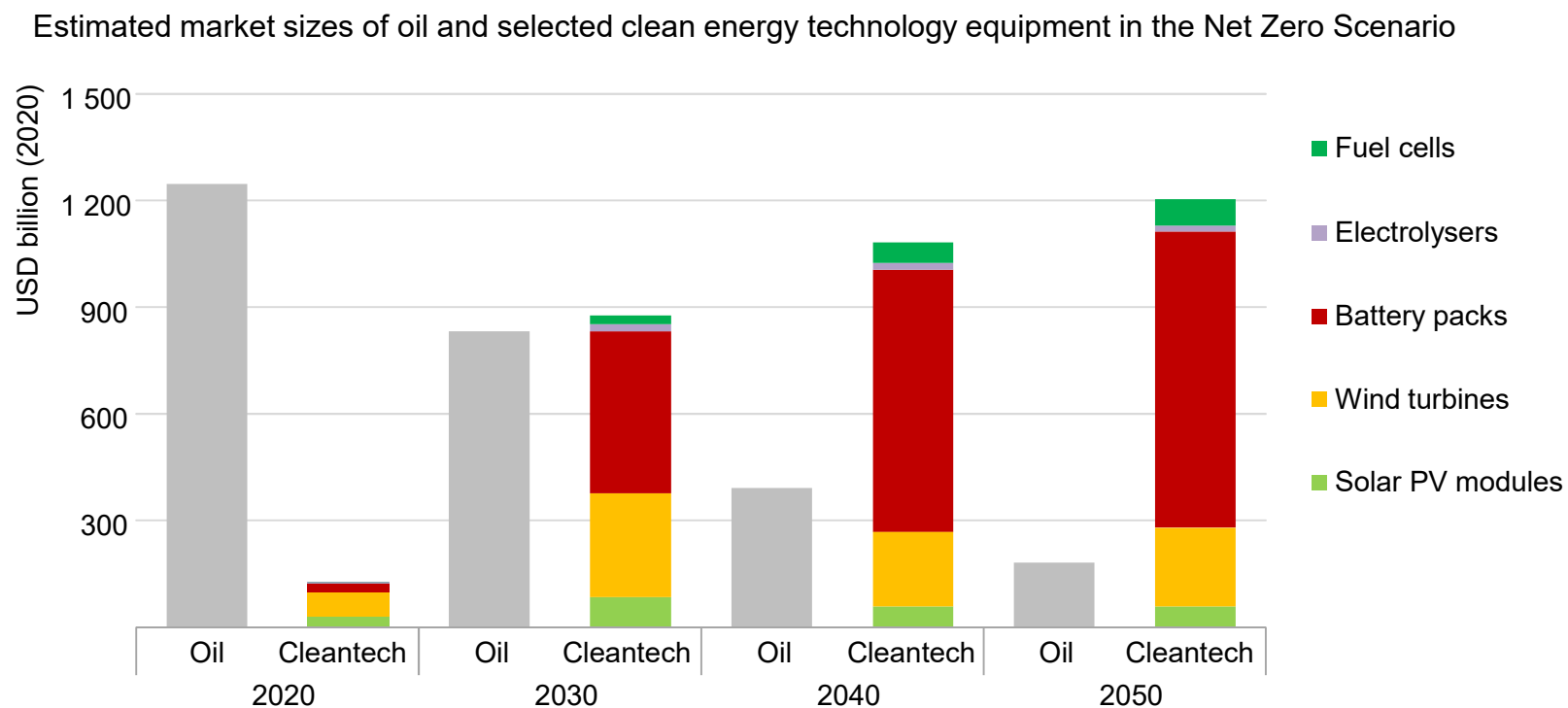
The world is not investing enough to meet its future energy needs; oil and gas investment is geared to a world of stagnant or falling demand, while transition-related spending is not rising nearly fast enough

Well-managed transitions offer shelter from price volatility



Clean energy transitions can cushion consumers from the shock of price spikes for oil and gas, if households can get help to manage the upfront costs of energy efficiency improvements & electrification

A new global energy economy is emerging



Explosive growth in clean energy deployment over the next decades could create a market opportunity for manufacturers of key equipment worth a cumulative USD 27 trillion through to 2050

Conclusions



- The transition to a sustainable energy system is the solution to the turbulence that we are seeing in gas, coal and electricity markets today – not the cause
- A laser-like focus on clean electrification, energy efficiency, methane abatement & innovation can close the near-term gap with a 1.5°C future; cost-effective solutions are available & every country needs to step up
- The longer today's mismatch in energy investment persists, the greater the risks to energy security & price volatility. A massive policy-driven surge in clean energy transitions is the way forward
- A new global energy economy is emerging, one that will be more electrified, efficient, digitalised & clean – offering enormous potential for growth and employment
- Governments have unrivalled capacity to transform the energy sector: a wave of investment in a net zero future must follow from the momentum gained in Glasgow

