Sustainability News Headlines

Clean Energy Investment in The Net Zero Pathway, 2016-2050

The Executive Director of the International Energy Agency (IEA), Fatih Birol, recently told Reuters: "The pathway to net zero is narrow but still achievable. If we want to reach net zero by 2050, we do not need any more investments in new oil, gas and coal projects."

In its recent report on the net zero roadmap for the global energy sector, the IEA surmised that investors should not fund new oil, gas and coal supply projects if the world wants to reach net zero emissions by mid-century. This is the top global watchdog's starkest warning yet to curb fossil fuels. However, it is unlikely there will be an abrupt halt to new oil and gas projects soon, as energy majors' spending plans are still tilted heavily towards hydrocarbons.

The IEA report indicates that in order to achieve net zero, global investment in fossil fuel supply should fall from $575 billion on average over the past five years to $110 billion in 2050, with upstream fossil fuel investment restricted to maintaining production at existing oil and natural gas fields. Almost 90% of electricity generation should come from renewables by 2050 and most of the rest from nuclear power.

In addition, 10 industrial plants will need to be fitted with carbon capture technology, every month from 2030. Also, three new hydrogen-based industrial plants will need to be built and 2 GW of electrolyser capacity for green hydrogen production needs to be added at industrial sites, the IEA highlighted in the report.

The IEA believes that the level of increase in investment required to achieve net zero, from the current $2 trillion to $5 trillion a year by 2030, will provide a boost to global annual GDP growth.

$5
Trillion a year of
Energy investment will need to be raised by 2030 to achieve net zero, $2 trillion is raised per year today.
(IEA)

$110
Billion global investment
In fossil fuel supply in 2050, as compared to the average of $575 billion over the past five years.
(IEA)

10
Industrial plants
Will need to be fitted with carbon capture technology every month from 2030.
(IEA)

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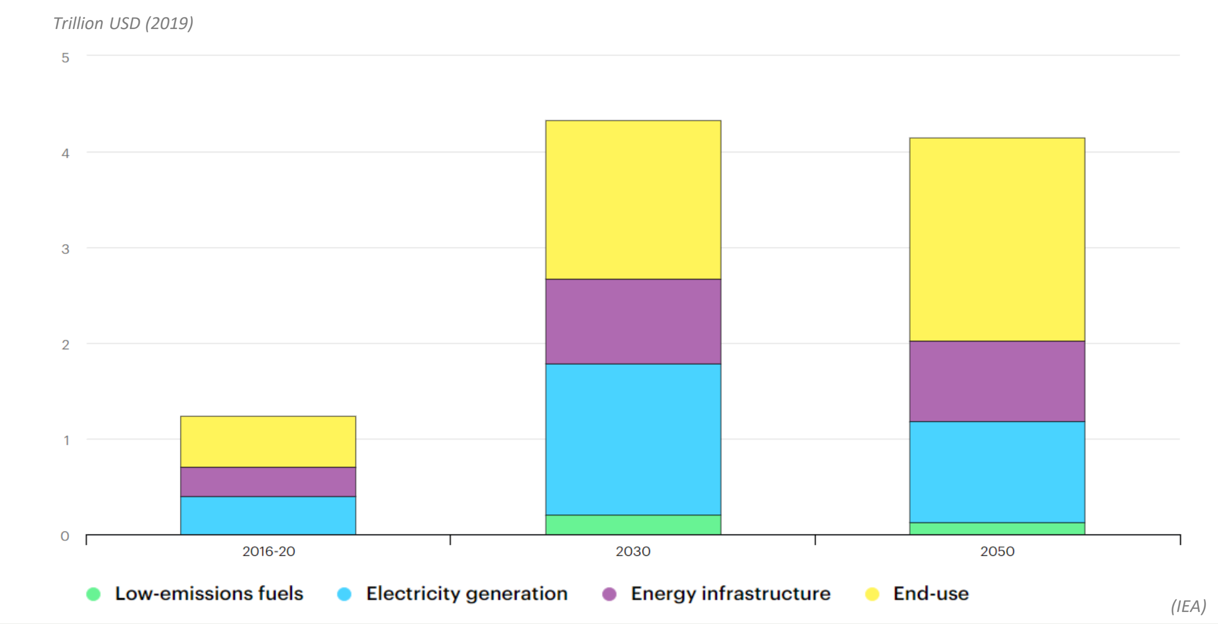

EU Plans to Extend Free CO_2 Carbon Permits For Industry Until 2035

Citing a set of draft climate policy reforms that the European Commission wants to phase in, the German Newspaper, Frankfurter Allgemeine Zeitung (FAZ), reports that industrial companies in the EU may be able to count on some free carbon permits until 2035. Currently, the industry, particularly the steel, cement and chemical sectors, receives about 80% of its CO_2 emission rights from the European Union for free. According to the proposed policy reforms, these free allocations, will be gradually reduced from 2025 onward, until completely faced out by 2035.

The package of policy reforms will include a carbon border adjustment mechanism (CBAM) or CO_2 tariff on polluting goods, forcing some companies importing into the EU to pay carbon costs at the border. The idea is to prevent carbon leakage by levelling the playing field between goods produced in Europe and potentially cheaper but more polluting manufactured products from elsewhere, such as steel and cement.

But the European Commission has also said the levy will be an alternative to existing carbon leakage measures, which include giving free CO_2 permits to industries covered by the EU carbon market to offset their environmental costs and encourage them to stay in Europe. Setting the CO_2 border levy against the existing carbon leakage measures, that include giving free CO_2 permits to local industries, is not particularly welcomed by Europe-based steel, aluminium, cement and fertiliser sectors.

According to the leaked draft quoted by the FAZ, this CO_2 tariff is to be introduced gradually over 10 years from 2025. In parallel, the free allocation of CO_2 permits within the EU would be reduced to 50% by 2030 and to zero by 2035 "at the earliest".

80%
Of CO_2 emission rights
From the EU are currently given to the industry, particularly, steel, cement and chemical sectors, for free.
(ICIS)

43%
Is the required reduction
Emission target in 2030, for the sectors covered by the EU-ETS compared to 2005 levels.
(Climate Action)

>6
Billion free permits
Are expected to be handed out by EU this decade – worth €314 billion ($373 billion) at CO_2 price of around €50.
(Reuters)