IEA energy and climate priorities to COP26

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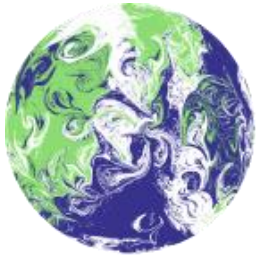
Overview

- Key expectations for COP 26 are for NDCs, long-term strategies, and finalisation of Paris Agreement Rulebook
- IEA provides broad support, including for UK COP26 Presidency, and analysis to support ambition within NDCs and long-term strategies
- IEA has long pushed for clean energy transitions, and called for these to be at the heart of Covid-19 related recovery packages. Our key priorities up to COP26 :
    - Supporting development of post-Covid-19 recovery plans that align with climate and sustainability objectives
    - Highlighting actions needed now to meet long-term goals, including through technology development and innovation
    - Building a “grand coalition” to bridge the gap between energy sector transition and collective climate goals
- Technology developments, policy and corporate commitments give rise to optimism; we need to work further to enhance ambition while not leaving anyone behind.

Expectations for COP26

- Countries requested to recommunicate **NDC**s, submit updated and "enhanced" NDCs;
  - 107 countries stated intention to enhance action or ambition in their NDC
  - 36 stated intention to update their NDC
  - To date 3 countries have submitted their **second NDC** with new targets, and other 5 countries (Chile, Andorra, Jamaica, Moldova, Rwanda) have **updated their First NDCs** with new targets.
- Countries invited to communicate **Long-Term Low-Emission Development Strategies**
- Finalisation of "**rulebook**": Transparency (reporting formats), common timeframes for NDCs, and markets (Article 6)
- Begin discussions on new global climate finance goal for 2025



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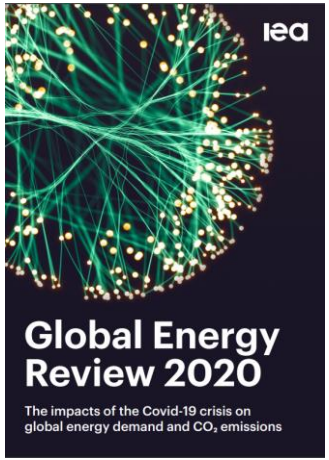
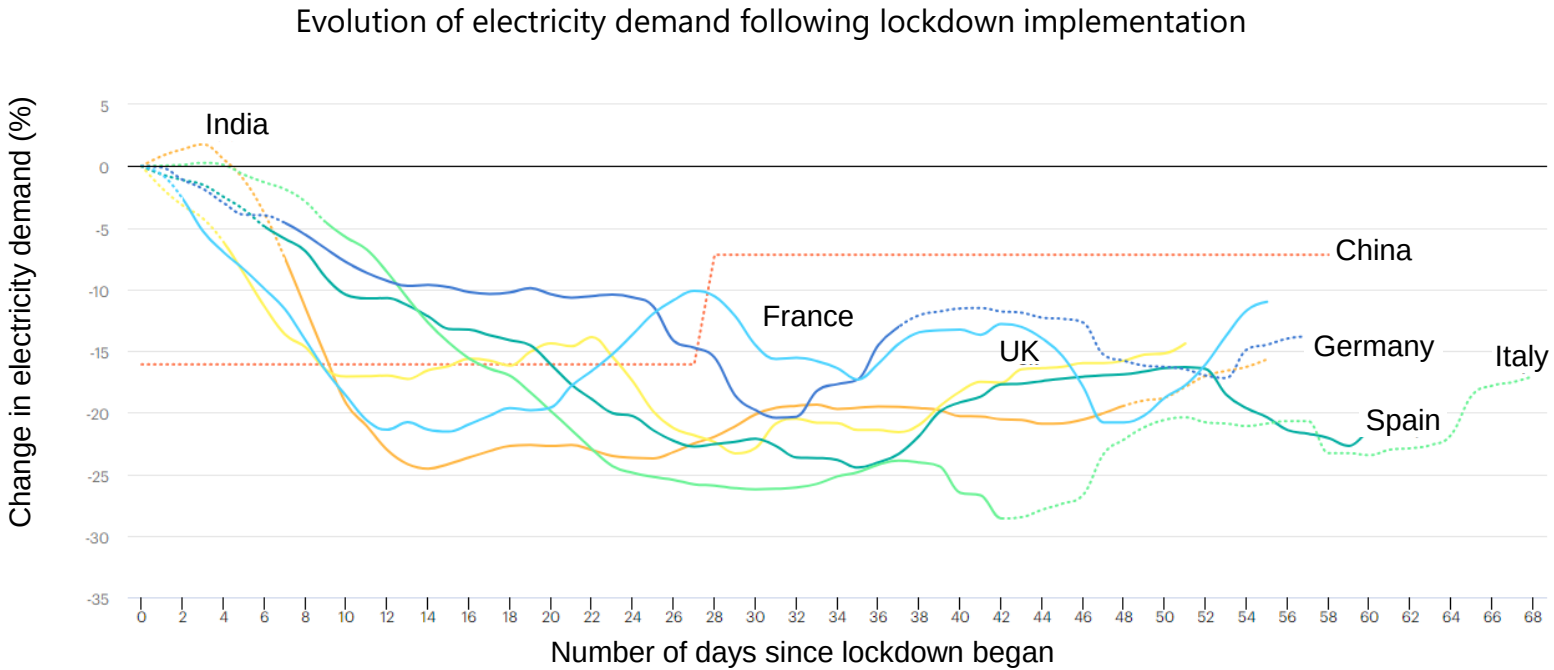
Particular context of road to COP 26 for the energy sector

- The **Covid-19 impact** on health systems, economies and societies has not spared the **energy sector**
  - **Financial** impact on **energy industry**: lower demand, lower prices
  - **Investment**: impact across energy sector, especially fossil fuels
  - **Oil market**: supply and demand shocks sent market into **unprecedented turmoil**
  - **Global energy-related CO_2 emissions**: largest year-to-year reduction on record
- IEA's annual **Global Energy Review** will continue to provide updated trends and impacts

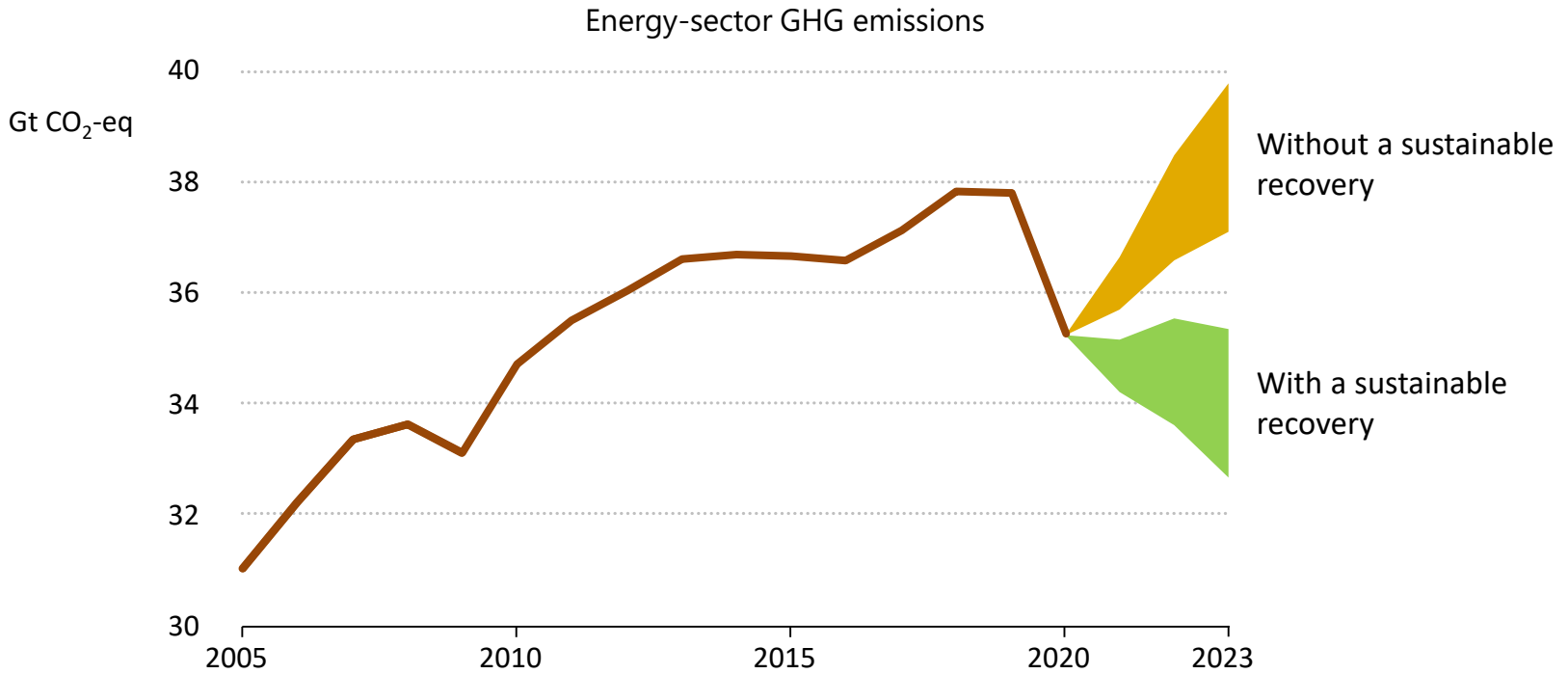


Lockdowns have sharply reduced electricity demand



In some regions stringent lockdowns reduced demand over 20%, especially in service-based economies. As lockdown measures ease, electricity demand is showing signs of recovery from the valley of Sunday levels.

A sustainable recovery from Covid-19 can be an opportunity to shift towards structurally cleaner energy systems



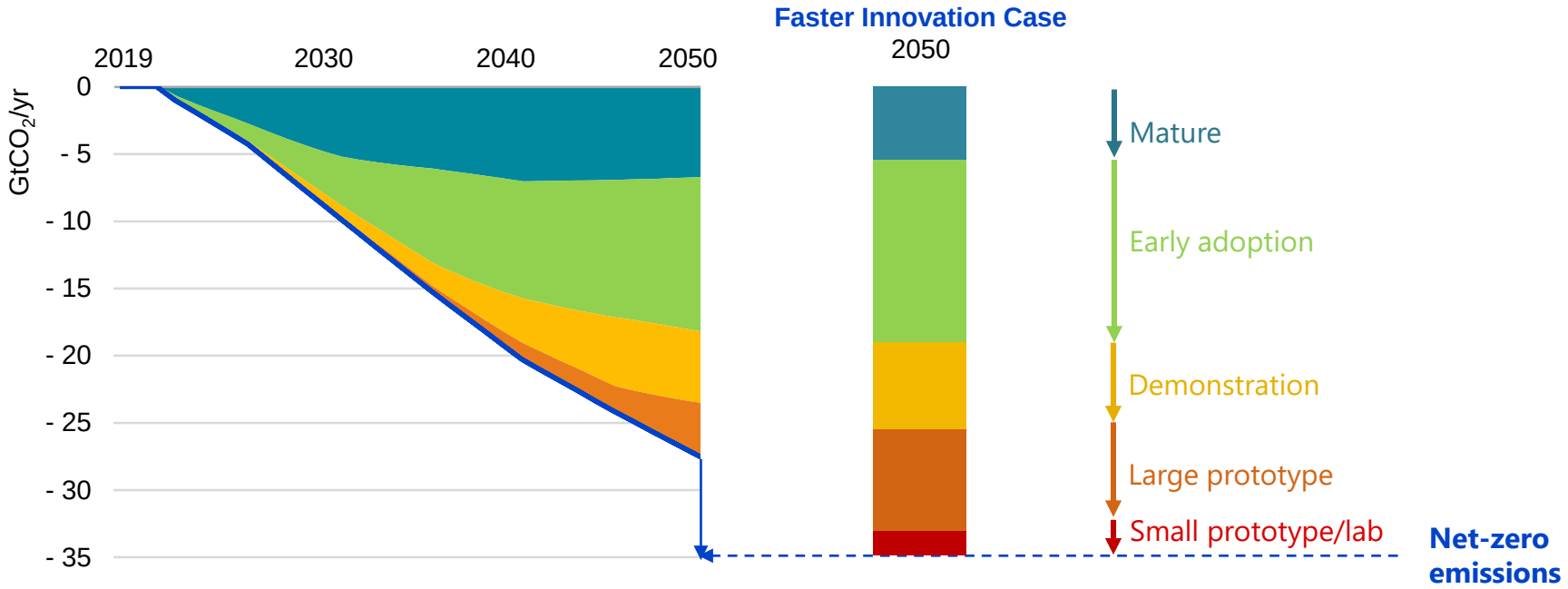
The plan would make 2019 the definitive peak in global emissions, reducing GHG emissions by 4.5 billion tonnes and putting them on a path towards achieving long-term climate goals, including the Paris Agreement.

Measures in the Sustainable Recovery Plan act across 6 key sectors

Sector	Measure
Electricity	• Expand and modernise grids • Accelerate the growth of wind and solar PV • Maintain the role of hydro and nuclear power • Manage gas- and coal-fired power generation
Transport	• New vehicles • Expand high-speed rail networks • Improve urban infrastructure
Buildings	• Retrofit existing buildings and more efficient new constructions • More efficient and connected household appliances • Improve access to clean cooking
Industry	• Improve energy efficiency and increase electrification • Expand waste and material recycling
Fuels	• Reduce methane emissions from oil and gas operations • Reform fossil fuel subsidies • Support and expand the use of biofuels
Strategic opportunities in technology innovation	• Hydrogen technologies • Batteries • Small modular nuclear reactors • Carbon capture, utilisation and storage

Net-zero emissions is not viable without a lot more innovation

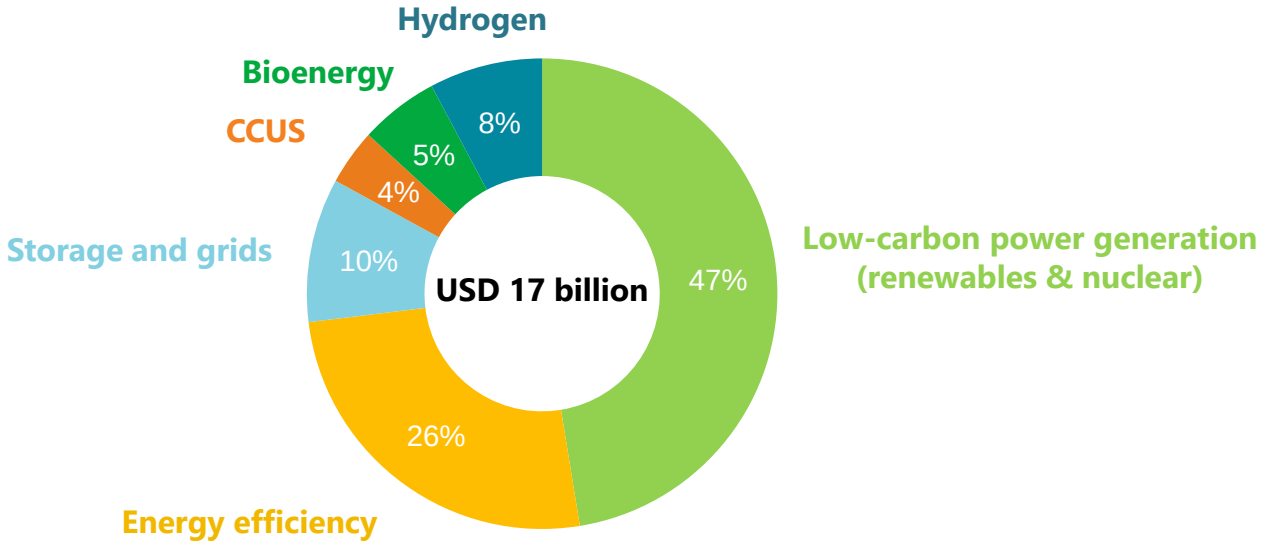
Global CO_2 emissions reductions in the Sustainable Development Scenario, relative to baseline trends



Rapidly commercialising today's newest & most promising technologies would help save enough CO_2 emissions to reach net-zero by 2050. Lack of policy support could delay achieving net-zero emissions.

R&D spending on net-zero emissions priorities is not sufficient

Global public low-carbon energy R&D allocated to specific technology areas, 2019



Note: total public R&D for low-carbon energy technologies is USD 25 billion

Today, only around one quarter of public R&D spending applied to low-carbon energy technologies is for electrification, CCUS, bioenergy and hydrogen, the key areas for reaching net-zero emissions.

IEA Clean Energy Transition Summit: building a "Grand Coalition" to bridge the gap between energy and climate goals