

International Energy Agency's Renewables Forecast

Old Wine in New Bottles

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Despite slightly increasing its renewables projections, the IEA still heavily underestimates the growth of wind and solar PV energy in its new report, Energy Watch Group (EWG) analysis shows.

The International Energy Agency (IEA) is again underestimating the growth of renewable energy sources in its latest Medium-Term Renewable Energy Market Report 2016, the analysis by the Energy Watch Group shows. Despite an overall increase of 13% in the IEA's projection for renewable energy capacity from the last forecast in 2015, the new figures covering the period to 2021 still suggest that annual installations of wind energy and solar photovoltaics (PV) would peak in 2015 and 2016, respectively, and would not grow anymore.

„The IEA is playing a dangerous game using misleading assumptions in its renewables projections. Although solar PV and wind are already the lowest cost sources of electricity in many regions in the world, the IEA continues to project that annual installations in these two sectors would not grow in the coming five years compared to the already achieved levels in 2015 and 2016“, Professor of Solar Economy at Lappeenranta University of Technology in Finland and Chairman of the EWG scientific board Christian Breyer said.

The EWG analysis also shows that the IEA's investment cost assumptions for solar PV in major markets for 2016 are at least 20% higher than in reality. Current prices for PV power plants in India are about 750 USD/kWp. Meanwhile, the IEA report says the prices in the leading markets (China and Germany) should not be lower than 1150 – 1300 USD/kWp, whereas in reality they are already 35-40% lower than that. The costs of global weighted average electricity generation, projected for 2021 by the IEA, are about today's cost. This means that the IEA ignores the currently observed cost decline of about 5-10% per year.

According to the IEA, in the period 2016 – 2021, solar PV capacity will add 85 GW in Asia Pacific. Meanwhile, India alone plans to install about 90 GW (100 GW until 2022) in the same period and the Indian Minister of Energy said in spring 2016 that new solar PV is the least cost source of electricity, in particular cheaper than new coal plants. “We would like to know why the IEA assumes that this policy target in India will not be achieved. We have not found valid arguments in the report”, Breyer said.

The IEA is also projecting lack of growth of annually sold electric vehicles after 2020, despite trends indicating that electric cars will be cheaper than comparable cars with combustion engines before the year 2025. This has been projected by leading financial analysts such as Bloomberg New Energy Finance.

“In the last 10 years, the IEA has been making misleading projections for solar PV and wind, as well as e-mobility, ignoring the radical price fall in these sectors. This appears as an attempt of protecting fossil fuel business that has come under economic pressure”, President of Energy Watch Group and former Member of the German Parliament Hans-Josef Fell said. “We call on the IEA to urgently review its assumptions and to finally make realistic projections in its forthcoming World Energy Outlook.”

In its 2015 series of studies, the Energy Watch Group together with the Lappeenranta University of Technology proved that the IEA’s annual World Energy Outlook reports between 1994 and 2015 had published misleading projections on solar PV and wind energy. The WEO has a significant impact on both political and economic decisions of governments regarding energy all around the world. The Energy Watch Group plans to assess the IEA’s forthcoming World Energy Outlook, due to be launched on November 16.