

The International Energy Agency undermines global climate protection and energy security in its latest World Energy Outlook

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The International Energy Agency's call for new investments in fossil fuels, in particular oil and gas, in its latest World Energy Outlook (WEO) undermines the agency's seemingly positive messages related to climate protection and the development of renewable energy, an analysis by the Energy Watch Group shows.

The World Energy Outlook 2016, which was presented today in Berlin, calls for increased investment in oil and gas due to oil discoveries at lowest level in more than 60 years and low oil prices. The International Energy Agency (IEA) thereby disregards that the current low investment is in fact caused by the lack of new discoveries and the depletion of existing reserves. Moreover, higher oil prices will not be able to compensate for the lack of funding as cost reductions in the renewable energy sector increasingly challenge the competitiveness of oil and gas.

„Even if oil prices were to rise again, future oil production will not stay at today's level, simply because of the limited availability. By calling for increased investments in oil, the IEA undermines climate protection efforts and threatens the global energy security. Only a rapid development of renewable energies can close the emerging energy supply gap. Oil investments are not able to do so”, says President of the Energy Watch Group and former member of the German Parliament Hans-Josef Fell.

“Even in its most optimistic scenario, the IEA projects the future level of development of renewable energies to be far below today's rates. In this way, the IEA misleads the public about the real potential of solar and wind energy as well as e-mobility”, adds Fell.

The analysis by the Energy Watch Group shows: even though the IEA operates with positive messages with regard to renewable energy, a closer look at the numbers reveals that the WEO2016 in fact assumes a lower pace of renewable energy development than already achieved in the last eight years. Furthermore, the IEA seems to ignore the new global dynamic as a result of the Paris Agreement.

Even the report's most ambitious scenario, the 450 Scenario, assumes that the net added capacity of new solar PV and wind power plants will peak in 2030. The IEA does not provide reasons, why solar and wind plants should face a net decrease of new installations despite their continuously falling prices and a growing global energy demand.

“A decrease in net added capacities stands in stark contrast to projections by leading international market observers. Assuming a slow market penetration of wind power and solar PV also contradicts the dynamic of the global energy transition in the last 10 years,” says Christian Breyer, Professor of Solar Economy at the Lappeenranta University of Technology in Finland and Chairman of the Scientific Board at Energy Watch Group.

The report´s “New Policies Scenario” (NPS) projects that the costs for solar photovoltaic power plants in India will be 800 USD/kWp in 2040. This ignores the fact that the Government of India estimates the current costs for solar PV-plants at 710 USD (670€)/kWp. In addition, the IEA severely underestimates the potential of the e-mobility sector. This is illustrated by the IEA’s assumption that 80% of transport will still be dependent on fossil oil in 2040.

Further examples of the controversial IEA projections in the World Energy Outlook 2016:

- The IEA assumes that Europe´s gas imports from Russia in 2040 will stay on today´s level. The IEA also projects that Russia will increase its gas production by 20% until 2040. This assumption neglects the fact that gas production in Russia, especially by the major producer Gazprom, is sharply decreasing. In 2015, Gazprom recorded a production of 419 billion m³, the same lowest level as in 1985.
- The NPS Scenario suggests a net increase in nuclear capacity of 65 GW, the 450 Scenario even approx. 160 GW. The projected construction of 131 new reactors assumed for 2025 suggests that in the coming 8 to 9 years more than twice the 60 reactors currently under construction will be built. This assumption contradicts the experiences of the recent decades.
- The IEA keeps assuming an increase in coal consumption up until 2040 in all scenarios except for the 450 Scenario, which projects a coal consumption drop by 50% in comparison to today’s levels. Yet, the 10% drop in coal production in China in 2016 as well as the loss of market value by many western coal companies give reason to assume a significantly higher reduction of coal consumption.

“It is long overdue that the IEA changes the status of the 450 Scenario into the NPS Scenario, especially in light of the current Chinese coal policies and the internationally binding Paris Agreement. In addition, the IEA is still blind on both eyes: it underestimates renewable energy on the one hand and overestimates nuclear energy on the other hand”, says Werner Zittel, Senior Energy Expert at the Ludwig-Bölkow-Systemtechnik and Chairman of the Scientific Board at Energy Watch Group.

In 2015, a series of studies by the Energy Watch Group and the Lappeenranta University of Technology showed that the IEA continuously published misleading projections on solar and wind energy in its World Energy Outlook.