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Energy News

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Falling fossil fuel demand 'could cost global economy up to $4tn'

A rapid reduction in demand for fossil fuels could see global economic losses of up to $4 trillion (£3tn) by 2035.

That's according to a new report published in the Nature Climate Change journal, which suggests the shift to more energy efficient behaviours and increasing adoption of low carbon technologies could cause a downturn worse than the 2008 financial crisis.

Researchers say falling demand for fuels such as oil and coal is inconsistent with investments in new fossil fuel ventures, which could become stranded as a result.

They calculate fossil fuel ventures have lifetimes ranging between two years for shale oil projects and upwards of 50 years for large pipelines and coal mines – by the time such assets are reaching the middle of their operating life, they may no longer be needed.

The report suggests this is likely to happen irrespective of whether or not new climate policies are adopted due to an "ongoing technological trajectory".

It says the loss would be amplified if ambitious new climate policies are adopted or if low cost producers maintain their level of production despite declining demand.

The authors of the paper add net importers such as China and the EU are likely to continue to do relatively well but warned major economies relying heavily on fossil fuel production and exports will be significantly affected, with Canada, Russia and the US expected to suffer particularly badly.

> “The proposal for a joint deal with this structure is extremely constructive, we are eager to engage on it with all parties and it is a proposal we’d be delighted to take to our board.”

Welsh Government offers £200m for Swansea Bay tidal project

The Welsh Government if offering £200 million for the Swansea Bay tidal lagoon project to encourage Westminster to give the go-ahead.

First Minister Carwyn Jones has written to UK Energy Secretary Greg Clark, stating the project can only proceed if there is a commitment from the UK Government to an “appropriate” contract for difference (CfD) arrangement.

It was backed by a UK Government-commissioned report published by former Energy Minister Charles Hendry in January last year.

However, ministers have not yet committed to developer Tidal Lagoon Power’s project as they believe it must be “affordable”.

Mr Jones said: “In broad terms, my proposal would be for the offer to comprise a Welsh Government commitment to an equity and/or loan investment of £200m, with the UK Government committing to a contract for difference on the same terms as that offered to Hinkley Point C (£92.50/MWh in 2012 prices over a 35-year term from the date of commissioning).

“Such an offer would, I believe, strike an appropriate balance between supporting a pathfinder, low carbon energy generation project, in line with the findings of your own Hendry Review, while providing value for money. It would need a maximum, full and final offer from both governments.”

Keith Clarke, Chairman, Tidal Lagoon (Swansea Bay) Plc added: “The proposal for a joint deal with this structure is extremely constructive, we are eager to engage on it with all parties and it is a proposal we’d be delighted to take to our board.”

A spokesperson from BEIS said the government is considering the findings of Hendry review and an announcement will be made “in due course”.

"We may be racing down the pathway towards a 100% renewable electricity future but when it comes to heating, cooling and transport, we are coasting along as if we had all the time in the world. Sadly, we don't."

Renewable capacity swelled by 178GW in 2017

Global renewable energy capacity increased by 178GW last year.

That's according to policy group REN21, which said clean power accounted for 70% of net additions to global power supply in 2017.

The organisation's new report shows solar capacity increased by 29% relative to the year before, rising to 98GW.

This was more than net capacity additions of coal, natural gas and nuclear power combined. Wind power also drove the uptake of renewables with 52GW added over the year.

Investment in new renewable power capacity was more than twice that of new nuclear power and fossil fuel capacity combined, despite the latter being subsidised. The report suggests this was largely due to their increasing cost-competitiveness.

However, it said less progress has been made in the heating, cooling and transport sectors, which collectively account for around 80% of final energy demand.

National targets for renewable energy in heating and cooling exist in only 48 countries around the world, whereas 146 countries have targets for renewable energy in the power sector.

The report added 92% of transport energy demand continues to be met by oil and only 42 countries have national targets for the use of renewable energy in transport.

Rana Adib, Executive Secretary of REN21, said: "We may be racing down the pathway towards a 100% renewable electricity future but when it comes to heating, cooling and transport, we are coasting along as if we had all the time in the world. Sadly, we don't."

"In parallel, it will lead to significant emission reductions, contributing to our ambitious climate policy targets and improving the quality of life in Europe. Clearly the winning strategy."

Circular economy 'could halve Europe's industrial emissions by 2050'

The circular economy could halve Europe's industrial emissions by 2050 and make it possible to keep global warming below 2°C.

That's according to a new report from Finnish innovation fund Sitra and the European Climate Foundation, which suggests implementing green business models, reusing materials and improving resource efficiency are key to building a competitive, net-zero emissions industrial economy in Europe.

Industry currently accounts for 24% of global carbon dioxide emissions, which stood at 37 billion tonnes in 2017.

It suggests making sectors that heavily rely on steel, plastics, aluminium and cement more circular can make a particularly significant difference in terms of reducing emissions.

The report says global reductions could reach 3.6 billion tonnes per year by 2050.

Jyrki Katainen, Vice-President of the European Commission, responsible for Jobs, Growth, Investment and Competitiveness, said: "Adoption of new, circular business models based on material reuse and improved efficiency can only bring benefits and give the European companies competitive edge.

"In parallel, it will lead to significant emission reductions, contributing to our ambitious climate policy targets and improving the quality of life in Europe. Clearly the winning strategy."

The plant is expected to generate enough electricity to power around five million homes and create up to 8,500 jobs during the construction phase.

UK Government considers public investment in Wylfa nuclear project

The UK Government is considering investing billions of pounds of taxpayers' money into a proposed new nuclear power station in North Wales.

The announcement marks a policy shift as the government starts formal negotiations with Horizon Nuclear Power, which is owned by Japanese firm Hitachi, for the Wylfa Newydd project with a total capacity of 2.9GW.

The plant is expected to generate enough electricity to power around five million homes and create up to 8,500 jobs during the construction phase.

Speaking at the House of Commons yesterday, Energy Secretary Greg Clark said any direct investment would be made alongside Hitachi and Japanese Government agencies.

He added: "This is an important next step for the project, although no decision has been yet taken to proceed and the successful conclusion of these negotiations will of course be subject to full government, regulatory and other approvals, including but not limited to value for money, due diligence and state aid requirements.

"It remains the government's objective in the longer term that new nuclear projects like other energy infrastructure should be financed by the private sector and so alongside our discussions with developers, we will be reviewing the viability of a regulated asset base model as a sustainable funding model based on private finance for future projects beyond Wylfa."

Mr Clark said future nuclear projects would deliver electricity at a lower cost than the Hinkley Point C plant in Somerset.

Horizon has submitted a 41,000-page document to the Planning Inspectorate specifying the nuclear power plant – expected to generate first electricity in the mid-2020s – and associated work the company wants to develop.