

# Renewable Energy Market Update

Outlook for 2021 and 2022

# INTERNATIONAL ENERGY AGENCY

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# Abstract

Renewables were the only energy source for which demand increased in 2020 despite the pandemic, while consumption of all other fuels declined. Will renewable energy source uptake therefore expand more quickly as the global economy recovers from the crisis? In exploring recent market and policy developments, the Renewable Energy Market Update forecasts new global renewable power capacity additions for 2021 and 2022. It also provides updated biofuel production forecasts for these years, as the sector suffered significant losses with declining transport demand during the pandemic.

# Acknowledgements

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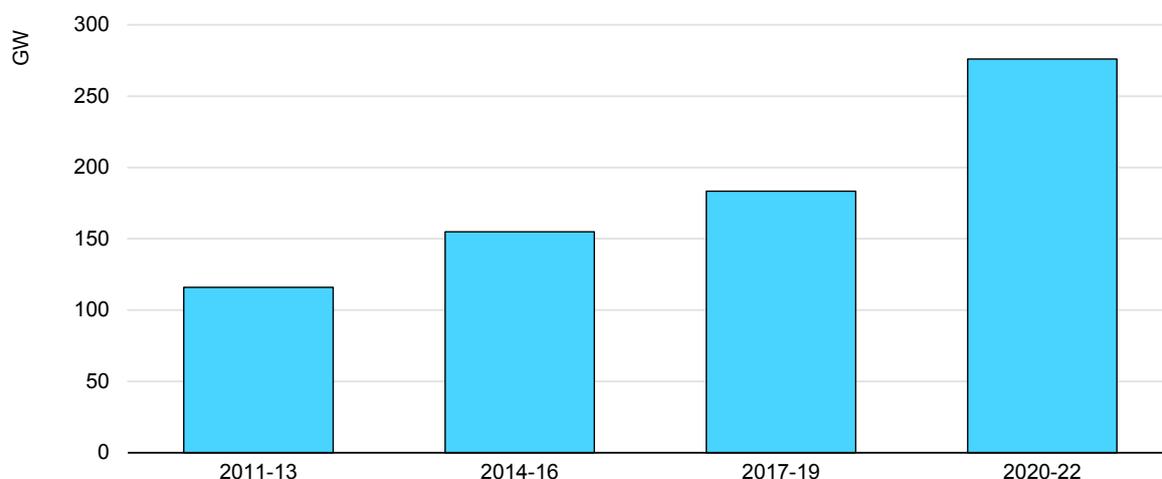
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# Highlights

- In 2020, annual renewable capacity additions increased 45% to almost 280 GW – the highest year-on year increase since 1999.
- Exceptionally high capacity additions become the “new normal” in 2021 and 2022, with renewables accounting for 90% of new power capacity expansion globally.

## Average annual net renewable capacity additions, 2011-2022



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- Solar PV development will continue to break records, with annual additions reaching 162 GW by 2022 – almost 50% higher than the pre-pandemic level of 2019.
- Global wind capacity additions increased more than 90% in 2020 to reach 114 GW. While the pace of annual market growth slows in 2021 and 2022, it is still 50% higher than the 2017-2019 average.
- Annual growth in the People’s Republic of China’s (hereafter, “China”) renewables market will decelerate following the exceptional expansion that resulted from developers rushing to complete projects before subsidy phase-outs. However, the rest of the world compensates for China’s slowdown and maintains the pace of renewables expansion.
- Europe’s capacity growth accelerates thanks to further policy support and a booming corporate PPA market as PV costs continue to decline.
- The updated forecast for the United States is more optimistic because of federal tax credit extensions. New US emissions reduction targets and the infrastructure bill, if passed, will boost renewables expansion after 2022 (beyond the timeframe of this forecast update).