

# Impact of covid-19 on environment and energy sector essay sample



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For many sectors, 2020 has been a dramatic year. The global pandemic of coronavirus has upended markets by slashing consumption and demand, stunning growth, and even threatening the existence of many companies. The energy sector also experienced a slump in prices and demand. However, those challenges came with a silver lining where it was least expected - in the renewable energy sector.

## **Effects of Covid-19 on Energy Systems**

The Covid-19 outbreak has created a crisis for societies around the world. Focusing on bringing the pandemic under control, governments took unprecedented measures. Full and partial lockdowns have limited production, transport, and trade, slowing the economies down.

The lockdown measures drastically diminished the energy demand globally. In the countries that went into full lockdown, energy demand has dropped 25% on average. Between March and June 2020, due to closed borders and travel bans, the use of jet fuel dropped by 50%. Gasoline use has decreased less dramatically - by 30%. The use of natural gas has declined by 20%,

which shows that lockdown has affected even consumption in residential buildings (Gillingham et al., 2020).

The detrimental effect has been amplified by payment delays from end-consumers since many businesses were left pending without income, and many individuals laid off. Governments have subsidized energy access for companies and individuals who were prevented from paying electricity bills by pandemic-induced restrictions in some countries.

This help was two-fold since it also supported the energy sector. Wholesale electricity prices, after having already decreased by 12% in 2019, have plummeted in 2020. Global electricity demand in 2020 has fallen by 2% – the biggest decline since the mid-20<sup>th</sup> century (IEA, 2020).

However, after the confinement measures were lifted, energy demand has been recovering gradually. In many countries, they went back to pre-pandemic tracks by October. In some countries, they not only rebounded but grew compared to October 2019. However, in countries with new restrictions, the bounce-back effect has been less visible (IEA, 2020).

Overall energy demand has decreased by approximately 10% during 2020 (OBG, 2020).

## **Environmental impact and long-term implications**

With fewer cars on the road, planes in the sky, less power generated, and industrial production rates falling, a sharp decline in fossil fuel consumption has led to a 15% decrease in total daily greenhouse gas emissions (Elavarasan et al., 2020). This drop is unprecedented.

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However, many experts have been skeptical about the short-term benefits of the pandemic for the environment. They voiced their concerns about the long-term effects on the adoption of clean energy. The global economic recession caused by Covid-19 would hold back the investments into the renewable power sector since budgets would be strained to cope with the negative impact in many areas of life (Bakovic et al., 2020).

However, far from falling, by the end of 2020, the investment in renewables has increased by 0, 9%. This rise looks very promising for the transition to renewable energy. Although this is a small uptick, it comes at the time of an overall fall in energy investments, which means that renewables have proven their resilience. In this light, the coronavirus pandemic could have precipitated the transition to clean energy. At the very least, it hasn't contributed to the environmental crisis.

The findings published in the “ World Energy Outlook 2020” report from International Energy Agency this October include an optimistic projection model. According to it, over the next decade, renewables could meet 80% of energy demand growth (IEA, 2020).

The growth already seen in 2020 and predicted for the nearest future is attributed to new facilities going online. For example, in China, where most solar power is currently generated, new plants have been launched during 2020.

Nuclear power is also set to grow, partly due to new plants expected to go online in the United Arab Emirates and China. It is predicted to increase by 2.5% in the course of 2021 (IEA, 2020). Although nuclear energy is not <https://assignbuster.com/impact-of-covid-19-on-environment-and-energy-sector-essay-sample/>

considered renewable, it's clean and emission-free. This means the growth of this sector will have a positive effect on the environmental situation.

Still, as economies recover, the energy demand will increase, while fossil fuel prices remain low. This will lead to ramped up consumption of carbohydrates, especially in the countries with large natural carbohydrate deposits on the initial state of the recovery. Due to this, coal is expected to bounce back.

## **Takeaways**

Although the environmental benefits of lower emissions during Covid-19 lockdown are only temporary, the growth that renewable production has demonstrated is a positive trend. Despite the predicted shortage of investments, the renewable sector wasn't negatively affected by the pandemic. Quite the reverse, it has shown resilience, continuing its growth and proving to be a good prospect for investment.

However, the long-term consequences of the global Covid-19 outbreak will depend mainly on the decisions made by governments around the world as economies emerge from the crisis.

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