

Carbon Tracker produces in-depth reports that track trends in renewable energy. A new report shows that building solar or wind power plants is more economically viable than building new coal-fired power plants. Over the next ten years, the construction of new power plants using renewable energy sources should become cheaper even as the old coal-fired power plants continue to operate.

This is very good news to suggest that in the coming years, the world could successfully abandon this dirtiest, and most climate-damaging, energy source.

### **How profitable are coal-fired power plants - The myth that coal is the cheapest energy source**

The report analyzed two critical points that show whether renewables are economically more advantageous than coal, that is, whether coal is truly the cheapest solution for electricity generation.

The first point that many countries have already reached is when investment in new renewables is less than the investment in the construction of a new coal power plant.

The second point marks the moment when these investments are less than the amount of money that needs to be invested in obtaining energy from existing power plants, and this step could be reached in all major markets by 2030 at the latest.

This means that shutting down coal-fired power plants is no longer a matter of climate policy and environmental awareness, but of pure economic calculation. The problem may be a lack of willingness on the part of states to make major and rapid changes in one such sector that employs a large number of people, but it should be possible to find solutions relatively quickly.

In addition to these, the report has two other key findings, the first of which shows that already about 60 percent of coal-fired power plants are already producing energy at a higher cost than would be needed to invest in new renewables. Most of them are from European countries, but China also has 70 percent of its power plants.

While the 1st shows that governments and investors who do not give up on planned coal-related projects run the risk of losing about \$ 600 billion.

### **What is the specific situation in the largest countries?**

In the two countries with the highest energy consumption, the US and China, it is now cheaper to build new wind power plants in almost all of their territories than to continue to use existing coal plants, while in the next 6 years it is expected to be the same with solar power. In both countries, new renewable energy plants are already much better than new

coal-fired power plants.

As for other countries, it is cheaper to build new solar and wind-powered power plants in Australia than in many European countries and to use existing coal, and in Russia, South Korea and some other countries where the first point is reached and the other could be in two years.

### **What awaits us in the future?**

According to this report, if the markets are fair, coal will increasingly lose power in every sense in the decades ahead. More specifically, the report's authors argue that the world market is already on the side of renewables, but that governments are still not hearing about it. They came to these conclusions by analyzing about 95 percent of coal-fired power plants in the world, not only the active ones but also those under construction or under construction, which are largely blamed for poor policymaking.

The financial aspect is not the only one that commands a change in our relationship to coal as an energy source. According to a report by the Intergovernmental Panel on Climate Change, global coal consumption must be reduced by 80 percent over the next 10 years, so that temperature rises do not exceed one and a half degrees.

So there are many reasons to give up coal and Carbon Tracker researchers advise decision makers to stop new coal investments and change energy market rules.

A major blow to this trend of coal abandonment could be the economic crisis caused by the coronavirus. There is concern that China could pump a large amount of money into the energy sector and build new power plants to re-energize the economy. However, a final decision has not yet been made, and perhaps the aid package may also be an opportunity to focus subsidies instead of fossil fuels on renewables.

Source: klima101.rs