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Role of Energy Transition During COVID-19

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The COVID-19 epidemic has posed serious consequences not only for public health but also for the energy transition. First, the profitable downturn has aggravated significant volatilities of renewable energy requests. Second, the declining reactionary energy prices have farther weakened the price competitiveness of renewable energy. Third, transnational trade restrictions have impeded renewable energy force chains, stranding multitudinous systems. Last but more importantly, the post-pandemic profitable recovery plans continue to calculate on reactionary energy investments, making the transition to renewable energy more gruelling. Albeit the challenges facing the energy transition, the epidemic also opens the door to openings. In this section, challenges and openings for energy transition during the epidemic are bandied.

Challenges for energy transition during the epidemic

The primary hurdles for renewable energy transition under the influence of the epidemic are a lack of investment and poor request demand. First, as a result of the governments' significant reduction in subventions, renewable energy systems are facing high launch-up costs and specialized investment. Second, the lower price of fossil energies further increases the difficulty of reactionary energy divestment. Third, the restriction of artificial conditioning leads to a decline in the demand for renewable energy outfit and installations, decelerating the growth of renewable power generation capacity. Fourth, the global force chain for renewable energy has been disintegrated as a result of the commanded trade restrictions, making it delicate for new systems to further forwards. Last, energy poverty is more pressing than ever during the epidemic, making the renewable energy transition more struggling [1-5].

Specifically, the business lockdowns and expansive medical and health expenditures have caused enormous profitable losses, performing in the threat of government debt and so the financial deficiency. According to International Monetary Fund (IMF), the global financial deficiency as a share of GDP might rise from 3.7 in 2019 to 9.9 in 2020, while the chance of public debt in developed husbandry would rise from 105 to 122 of GDP. Governments in numerous countries had to withdraw finances from renewable energy investments in order to combat the epidemic and safeguard people's health. As per the IEA, the number of final investment opinions (FID) for public renewable energy systems dropped by 10 in 2020 compared to the same period in 2019, with February to March hitting a new smallest point since 2017 [6-10].

The epidemic has exposed the downsides of renewable energy development counting heavily on government finances, especially in countries with high government debt. Renewable energy systems frequently bear government subventions due to the high outspoken costs, specialized difficulties, and high operation and conservation charges. Still, the COVID-19 epidemic has significantly dropped government fiscal support for renewable energy enterprise. Therefore, it came delicate for renewable energy companies to induce sufficient earnings to neutralize the high costs on their own. Also, capital overflows have been tensing encyclopaedically, and so more investors will duck high-threat investment options, further impacting marketable renewable energy investments. The energy exploration company, Rystad Energy, reflected that such a circumstance would affect in inadequate impulses for renewable energy development, oppressively delaying green energy transition.

Indeed worse, the blamed reactionary energy divestment movement, along with the drop in canvas and natural gas prices, has made marketable renewable energy investments more sluggish. The former reactionary energy divestment crusade failed to separate reactionary energy companies, lumping together climate-conscious fossil energy companies with heavily contaminating bones. Failure to fete the diversity within the assiduity will shoot shockwaves across the entire energy sector, risking the stability of energy services and making the green energy transition more delicate. In addition, the divestment movement failed to engage individual investors, who hold a large share of energy stocks besides institutional investors. Also, despite championing reactionary energy divestment, the movement inaugurators failed to give clear guidance on how to reinvest subsequently, leaving investors to forfend for themselves. It hence makes the crusade indeed less charming to individual investors, who had formerly been overlooked. Likewise, the plunging prices of fossil energies similar as canvas and natural gas caused by the epidemic have made renewable energy indeed less price-competitive. Some cost-sensitive developing countries have formerly started to renew reactionary energy power generation.

In addition, according to IEA, the global artificial retardation in the first quarter of 2020 has caused a decline in both product inputs and labors, with China suffering the most. China's renewable energy investment is the loftiest worldwide. Still, the epidemic lockdown in the first quarter of 2020 has hampered the procurement for multitudinous renewable energy systems in China. For illustration, the product of photovoltaic outfit similar as solar panels, connectors, and battery factors, was largely suspended, putting solar systems on hold. From the commercial investment perspective, artificial gains are shrinking due to the epidemic, egging cash to flow into economic gambles. For case, in heavy assiduity, when product resumes, companies will prioritize raising product situations to stabilize the commercial structure while putting low- emigration systems on the shelf due to high product costs. The loss of low- emigration systems will have a significant impact on energy transition.

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Conflict of Interest

None

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