

Twenty-sixth IRENA Council and related meetings

Side event

20 October 2023, 13.00 – 14.30 GST

Sheraton Corniche Hotel, Abu Dhabi

Renewable cost inflation: Durable risk or fading fast?

With renewable power capacity needing to more than triple globally by 2030 (WETO, 2023), recent increases in renewable costs in a range of markets come at critical period for the energy transition and keeping the Paris Agreement goals alive. As the world prepares for COP28 in the United Arab Emirates, the topic of the costs of the energy transition to 2030 will come to the fore.

The last three years have seen unprecedented growth in new renewable energy deployment, as renewable costs have fallen and reduced gas flows to Europe sparked a fossil fuel price crisis in 2022, that quickly saw fossil fuel prices rise globally. However, at the same time, renewable supply chains have come under significant pressure. Lingering COVID-19 supply chain issues, increased transportation costs, commodity price and consumer inflation spikes saw renewable equipment costs (e.g., PV modules, inverters, wind turbines) rise between 2020 and 2022.

How serious are these cost increases? What is the outlook for costs in the next one to two years? What might be the risks to the energy transition from higher renewable power costs in the short-term? How do higher fossil fuel prices change this calculus?

This side event will discuss the findings from IRENA's latest *Renewable Power Generation Costs* series reports and *Cost of Financing for renewable power* report, as well as complementary analysis.

Objective of the side event

The side event is designed to provide information to Members and engage discussions with Members on:

- The drivers of recent cost pressures and their incidence on equipment costs, total installed costs, operations and maintenance costs (O&M) and levelized cost of electricity (LCOE) up to 2022 and into 2023 (for equipment prices).

- The distribution of cost inflation/deflation across markets and technologies, given cost pressures have not been evenly distributed.
- The markets that have shown the most resiliency in managing costs, and conclusions that be drawn at this stage.
- Near-term indicators of equipment cost inflation/deflation and their implications for power costs over the crucial next one to two years.
- If macroeconomic risks are the main challenge and the impact a durable increase in cost of finance have on renewable power costs.
- Key takeaways for stakeholders on the potential transient and persistent pressures on renewable costs.
- The cost pressures that pose the greatest risk to the near-term acceleration of renewable power in the build-out to 2030.

Associated Publications

- [The cost of financing for renewable power](#) (2023)
- [Renewable Power Generation Costs in 2022](#) (2023)
- [World Energy Transitions Outlook 2023: 1.5°C Pathway](#) (2023)

For more information please contact:

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