Airbus to test hydrogen engine on A380 jumbo jet

By Alex Macheras

Airbus this week announced it will modify a superjumbo A380 to test a hydrogen-powered jet engine as the European aerospace group prepares to bring a zero emissions aircraft into service by 2035.

The partnership is an agreement with CFM International, a 50/50 joint company between GE and Safran Aircraft Engines, to develop an engine that can run on hydrogen. The converted test aircraft, the A380, will fly by the end of 2026.

The programme's objective is to ground and flight test a direct combustion engine fuelled by hydrogen, which Airbus is betting on to enable the company to decarbonise in line with aviation's climate change goals. The A380 flying test jet will be equipped with liquid hydrogen tanks prepared at Airbus facilities in France and Germany. Airbus will also define the hydrogen propulsion system requirements, oversee flight testing, and provide the A380 platform to test the hydrogen

combustion engine in cruise phase.

CFM International will modify the combustor, fuel system, and control system of a GE Passport turbofan to run completely on hydrogen. The engine itself will be mounted along the rear fuselage of the A380 test jet to allow engine emissions, including contrails, to be monitored separately from those of the engines powering the aircraft.

“This is the most significant step undertaken at Airbus to usher in a new era of hydrogen-powered flight since the unveiling of our ZEROe concepts back in September 2020,” said Sabine Klauke, Airbus chief technical officer. “By leveraging the expertise of American and European engine manufacturers to make progress on hydrogen combustion technology, this international partnership sends a clear message that our industry is committed to making zero-emission flight a reality.”

The venture comes amid increasing pressure on the aviation industry to cut pollution and meet zero-emission targets by 2050. Before the pandemic led to the grounding of much of the world’s aircraft, aviation accounted for roughly 2.4% of global emissions. “To achieve these goals by 2050 the industry has to take action now and we are,” said Gael Meheust, chief executive of CFM.

“Is hydrogen harder? Yes. Is it do-able? Absolutely,” said Mohamed Ali, vice-president and general manager of engineering at GE Aviation.

Executives said the decision to use an A380, the world’s largest passenger airline jet that has been phased-out at many airlines around the world due to its inefficiencies, would allow engineers more room for things like the tanks and the testing equipment. A commercial product available to airlines over the coming years will be much smaller. Airbus is expected to initially produce a regional or shorter-range aircraft.

In today’s aircraft, wings are where the fuel is stored, and they are in no way large enough to store the hydrogen that would be needed for a long flight. Hydrogen planes of the future could have extra-large fuselages, but more likely they will be what’s called blended wing, in which the planes are shaped like large triangles. This would allow them to store more fuel, but also reduce fuel consumption to make the aircraft aerodynamics even better.

Planes using hydrogen would emit only water, and initial tests suggest they can be just as fast as traditional planes, carrying more than a hundred passengers per flight over thousands of kilometres.

Most of the world's hydrogen today is produced by reforming methane from natural gas – a fossil fuel – which produces carbon dioxide. Efforts are underway to develop green hydrogen by using an electric current from a renewable source to convert water into oxygen and hydrogen and reduce emissions in its production. If that is possible, along with no emissions from the planes themselves, aviation could become a green form of travel.

There are significant challenges that remain. If Europe were to fully achieve the environmental benefits of hydrogen-power – for example, for air travel, the production of clean – or green – hydrogen needs to be dramatically scaled up. Clean hydrogen is produced from water using an electric current from a renewable source, rather than from fossil fuels. Today only a tiny fraction of hydrogen used in Europe is categorically "clean."

Hydrogen is a high-potential technology with a specific energy-per-unit mass that is three times higher than traditional jet fuel. Airbus notes that, if generated from renewable energy through electrolysis, given the fact it emits no CO2 emissions, it will enable renewable energy to potentially power large aircraft over long distances but without the undesirable by-product of CO2 emissions.

For now, we are still years away from commercial hydrogen aircraft becoming a reality, though. The refuelling infrastructure doesn't exist yet and hydrogen is more expensive and difficult to store onboard than kerosene-based fuel.

"Hydrogen combustion capability is one of the foundational technologies we are developing and maturing as part of the CFM RISE Programme," said Gaël Méheust, president & CEO of CFM. "Bringing together the collective capabilities and experience of CFM, our parent companies, and Airbus, we really do have the dream team in place to successfully demonstrate a hydrogen propulsion system."

Boeing has focused on more sustainable aviation fuels, which currently make up less than 1% of the jet fuel supply and are

more expensive than conventional jet fuel. CEO Dave Calhoun said at an investor conference that he didn’t expect a hydrogen-powered plane on “the scale of airplanes that we’re referring to” before 2050.

Sustainable Aviation Fuel is a clean substitute for fossil jet fuels. Rather than being refined from petroleum, SAF is produced from sustainable resources such as waste oils from a biological origin, or non-fossil CO2. It is a so-called drop-in fuel, which means that it can be blended with fossil jet fuel and that the blended fuel requires no special infrastructure or equipment changes. It has the same characteristics and meets the same specifications as fossil jet fuel.

Since the first commercial flight operated by KLM in 2011, more than 150,000 flights were powered by SAF. More than 45 airlines now have experience with SAF, and around 14bn litres of SAF are in forward purchase agreements.

Several airlines are driving forward the use of SAFs by signing multi-million dollar forward purchasing agreements. Others have invested in start-up support for SAF deployment, and some have promoted SAFs through test flights, research, and investigation of local opportunities. Five airports also have a regular SAF supply: San Francisco, Los Angeles, Oslo, Bergen and Stockholm.

However, scaling up the use of SAFs to a global market is challenging and requires substantial investment. The industry has called on governments to assist potential SAF suppliers to develop the necessary feedstock and refining systems – at least until the fledgling industry has achieved the necessary critical mass and prices drop thanks to economies of scale.*

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Renewable firms pinning hopes

on Taro Kono winning race for Japan PM

Reuters / Tokyo

Renewable energy companies are betting that the leading contender in the race to become Japan's next prime minister, Taro Kono, will unleash changes allowing more market access and a fairer playing field after years of neglect.

The 58-year-old has long championed more renewable supplies in Japan's roughly $150bn electricity sector, the world's biggest national power market outside China.

Investors have been buying renewable energy shares hoping the popular Kono wins the September 29 vote for the Liberal Democratic Party's (LDP) next leader and – by virtue of its majority in the parliament – Japan's next premier.

Japan's energy mix is already undergoing change, with renewables on the rise, replacing fossil fuels which shored up power following the Fukushima nuclear disaster in 2011.

Kono, a former defence minister and scion of a political dynasty, is currently in charge of administrative reform and has clashed with the powerful industry ministry (METI), which

like the steel federation, has supported a revival of the moribund nuclear sector.

“Kono has eagerly taken on deregulation over the past year, and a lot has changed. Japan’s energy shift will advance further if Kono is elected,” said Mika Ohbayashi, a director at Renewable Energy Institute founded by SoftBank Group Corp Chief Executive Masayoshi Son.

Renewable energy has also received a boost from outgoing Prime Minister Yoshihide Suga’s pledge last year to align Japan with Europe and declare a 2050 carbon neutrality target.

“The attitudes of officials at METI have drastically changed. Their attitudes toward renewable energy startups used to be rather cold, but they can’t afford to continue that stance,” said Koki Yoshino, executive officer at Japan Renewable Energy, which operates nearly 50 wind and solar power projects.

In 2018 a panel convened by Kono, who was then foreign minister, caused controversy by wading into the energy debate, normally METI’s preserve, supporting a call to get rid of nuclear power and coal while dramatically increasing renewables. Last year, Kono set up a taskforce to take down regulatory hurdles hindering Japan’s shift to renewables.

The world’s third-largest economy and fifth-biggest carbon emitter is heavily reliant on imported fossil fuels 10 years after the Fukushima catastrophe almost killed off its nuclear sector, the source of a third of Japan’s electricity before 2011.

Renewable energy is fast catching up and accounted for 22% of Japan’s energy supplies last year, meeting a recent government target a decade ahead of schedule and even contributed more than coal in one quarter.

Despite that growth, critics say METI has introduced rules that make it easy to force solar plants to shut down, known as curtailment, when supplies are abundant.

Connections for renewable projects are also being withheld at the whim of entrenched companies, Kono says on his home page where he outlines his polices.

Rules governing the use of a major transmission line that connects Japan’s main island to Hokkaido in the north need to be revised to allow more renewables into the mix, Kono says. Electricity transmitted through the line has to be declared a day ahead of the actual transmission, making it difficult for weather-dependent renewables to use the line, which is currently underutilised, to transmit power to Tokyo, he says. METI has increased the target for renewables to produce 36-38% of Japan’s electricity by 2030, up from 22-24%, and has set auction rules for offshore wind, one of the fast growing sectors in other parts of the world.

Reeling in a deal to save the ocean

By Helen Clark, Arancha Gonz?Lez, Susana Malcorra, And James Michel Auckland/Madrid/Victoria/Anse Royale

The ocean covers more than 70% of our planet’s surface,

produces half of the oxygen we breathe, feeds billions of people, and provides hundreds of millions of jobs. It also plays a major role in mitigating climate change: over 80% of the global carbon cycle passes through the ocean. But this precious natural resource is not invincible. Despite all the benefits it affords us, the ocean today faces unprecedented man-made crises that threaten its health and its ability to sustain life on Earth.

The greatest threat to marine biodiversity is overfishing. More than one-third of global fish stocks are overfished and a further 60% are fully fished. Each year, governments around the world encourage overfishing by providing $22bn in harmful fisheries subsidies. Although these subsidies are designed to help support coastal communities, they instead prop up unsustainable and unprofitable fishing activity, depleting the very resource on which local populations' livelihoods depend.

This problem is not new. In fact, the World Trade Organisation's members have been trying to negotiate a deal to curb these damaging payments since 2001. World leaders reiterated their commitment to tackling the issue when they agreed in 2015 to the Sustainable Development Goals (SDGs). Under SDG 14, which aims to put a healthy ocean at the heart of the global sustainable-development agenda, leaders promised by 2020 to reach an agreement at the WTO that would reduce fisheries subsidies. But they missed the deadline, as negotiations slowed during the worst of the Covid-19 pandemic.

Research shows that if WTO members were to eliminate all harmful fisheries subsidies – the most ambitious scenario – global fish biomass could increase by 12.5% by 2050. That's an additional 35mn metric tonnes of fish, or more than four times North America's annual fish consumption in 2017. And this is a conservative estimate. Removing destructive subsidies really will mean more fish in the sea.

The aim is not to remove support from fishing communities, but rather to redirect it in a more meaningful and less damaging way. Even if a deal does not eliminate all harmful subsidies, it would create a global framework of accountability and

transparency for subsidy programmes. That, in turn, would spur dialogue between governments, fishing communities, and other stakeholders to spur the development of redesigned policies that better support fisherfolk while protecting our global commons.

Moreover, an agreement is within reach – if the political will is there to deliver it. The most recent lapse of the negotiations resulted from differences over how to structure flexibility in subsidy regimes for developing countries, as well as how to define and enforce rules on illegal fishing and sustainable stocks. But after numerous proposals and discussions, the comprehensive draft now on the table combines measures to curb harmful subsidies with specific exceptions for developing countries.

With the start of the WTO's 12th Ministerial Conference in Geneva just days away, now is the moment for a deal. Failure to conclude one would not only harm the ocean and the livelihoods of those who depend upon it, but also would diminish the global rules-based system and damage the pursuit of the 2030 Agenda for Sustainable Development. In contrast, ending harmful fisheries subsidies would reduce the cumulative pressures on the ocean and increase its resilience in the face of climate change.

In the wake of the UN Climate Change Conference (COP26) in Glasgow, governments must demonstrate their willingness to use every tool at their disposal to tackle the climate crisis. The stakes at the upcoming WTO Ministerial Conference have perhaps never been higher. The future of multilateral trade co-operation is at risk; but, above all, jobs, food security, and the health of our global commons are on the line.

That is why 33 former government leaders and ministers from around the world have joined forces with nearly 400 scientists in urging WTO members to "harness their political mandate to protect the health of the ocean and the well-being of society."

Governments have given their word that they will curb destructive fisheries subsidies. Next week's meeting in Geneva

will test the credibility of that pledge.

This commentary is also signed by: Axel Addy – Minister of Commerce and Industry of Liberia (2013-18); Mercedes Araoz – Prime Minister of Peru (2017-18) and Vice-President of Peru (2016-2020); Hakim Ben Hammouda – Minister of Economy and Finance of Tunisia (2014-15); Herminio Blanco – Minister for Trade and Industry of Mexico (1994-2000); Maria Damanaki – European Commissioner for Maritime Affairs and Fisheries (2010-14); Eduardo Frei Ruiz-Tagle – President of Chile (1994-2000); Michael Froman – US Trade Representative (2013-17); Tim Groser – Minister of Trade of New Zealand (2008-2015); Enrique V Iglesias – President of the Inter-American Development Bank (1988-2005); Hilda Heine – President of the Marshall Islands (2016-2020); Ban Ki-moon – UN Secretary-General (2007-2016); Ricardo Lagos – President of Chile (2000-06); Pascal Lamy – Director-General of the WTO (2005-2013); Roberto Lavagna – Minister of Economy of Argentina (2002-05); Cecilia Malmstrom – European Commissioner for Trade (2014-19); Peter Mandelson – European Commissioner for Trade (2004-08); Sergio Marchi – Minister of International Trade of Canada (1997); Heraldo Munoz – Minister of Foreign Affairs of Chile (2014-18); Pierre Pettigrew – Minister for International Trade of Canada (1999-2003), Minister of Foreign Affairs of Canada (2004-06), Tommy Remengesau, Jr. – President of the Republic of Palau (2001-09, 2013-2021); Jose Luis Rodríguez Zapatero – Prime Minister of Spain (2004-2011); José Manuel Salazar – Minister of Foreign Trade of Costa Rica (1997-98); Susan Schwab – US Trade Representative (2006-09); Juan Somavia – Director-General of International Labour Organisation (1999-2012); Alberto Trejos – Minister of Foreign Trade of Costa Rica (2002-04); Allan Wagner – Minister of Foreign Affairs of Peru (1985-88, 2002-03, 2021); Andres Velasco – Minister of Finance of Chile (2002-06); Ernesto Zedillo Ponce de León – President of Mexico (1994-2000); and Robert Zoellick – US Trade Representative (2001-05). – Project Syndicate

• Helen Clark is a former prime minister of New Zealand (1999-2008). Arancha González is a former foreign minister of Spain (2020-21). Susana Malcorra is a former foreign minister of Argentina (2015-17). James Michel is a former president of the Republic of Seychelles (2004-2016).

Where is the money? Climate finance shortfall threatens global warming goals

Rich nations under pressure to deliver unmet $100-billion pledge

* More ambitious climate plans hinge on international funding

* Eyes on U.S. to boost finance at U.N. gathering next week

KUALA LUMPUR/BARCELONA, Sept 16 (Thomson Reuters Foundation) – F or a storm-prone developing country like the Philippines, receiving international funding to protect its people from wild weather and adopt clean energy is not only an issue of global justice – the money is essential to deliver on its climate plan.

Without promised support, many vulnerable poorer nations – battered by the economic impacts of COVID-19 and surging climate disasters – say they simply cannot take more aggressive action to cut planet-heating emissions or adapt to a warmer world.

The Philippines, for example, has pledged to reduce its emissions 75% below business-as-usual levels by 2030.

But only about 3 percentage points of that commitment can be delivered with its own resources, its national climate plan says. The rest will require international finance to make sectors like farming, industry, transport and energy greener.

“Environmental groups say our (target) is unambitious because it’s highly conditional. What they don’t see, however, is what we submitted is what is doable for the Philippines,” said Paola Alvarez, a spokesperson at the Department of Finance.

“Our economy is not doing well because of the pandemic and we have back-to-back typhoons every now and then,” which means national resources need to be prioritised for social programmes, she told the Thomson Reuters Foundation.

As leaders prepare to attend the United Nations General Assembly in New York next week, wealthy nations are coming under ever-greater pressure to deliver on an unmet pledge, made in 2009, to channel $100 billion a year to poor countries to tackle climate change.

With budgets worldwide squeezed by the COVID-19 crisis and U.N. climate talks postponed for a year, the original 2020 deadline to meet the goal was likely missed, analysts have said.

But as November’s COP26 climate summit approaches fast, time is running out to convince developing countries – both big and small emitters – that any efforts at home to raise their climate game will be met with solid financial backing, analysts say.

Alden Meyer, a senior associate in Washington for think-tank E3G, focused on accelerating a low-carbon transition, said the $100-billion promise is well below what is actually needed by emerging economies to mount an adequate response.

But delivering on it is key to spurring them on, he added.

Right now, they can say, “the developed countries aren’t doing what they said they would do in terms of support, so why should we ramp up ambition (to cut emissions)?” Meyer said.

Government officials in India – the world’s fourth-biggest emitter of planet-heating gases – have said, for example, that any further commitment to reduce its carbon footprint will depend on funding from rich countries.

National pledges to cut emissions so far are inadequate to keep global temperature rise to “well below” 2 degrees Celsius above preindustrial times, and ideally to 1.5C, as about 195 countries committed to under the 2015 Paris Agreement.

The U.N. climate science panel warned in a report in August that global warming is dangerously close to spiralling out of control and will bring climate disruption globally for decades to come, in wealthy countries as well as poor ones.

‘BARE MINIMUM’

Some big greenhouse gas emitters, including China, Russia and India, have yet to submit more ambitious plans to the United Nations, as they committed to do by 2020 under the Paris pact.

But of the roughly 110 plans delivered by other countries ahead of an adjusted U.N. deadline in July, nearly all hinge on one key condition: money.

According to the World Resources Institute (WRI), a U.S.-based think-tank that tracks national climate pledges, “well over half” of those updated emissions goals include actions that can only happen with the support of international finance.

“This underscores why it’s so critical for developed countries to deliver on their $100-billion pledge. It’s the bare minimum,” said Taryn Fransen, a climate policy expert at WRI.

In the latest submissions, a growing number of developing nations have stepped up with emissions goals they can

implement on their own, she added, including Argentina, Chile and Colombia, which have dropped requests for support entirely.

But honouring the $100-billion annual commitment – which covers the five years until 2025, when a new yet-to-be-negotiated goal is set to kick in – is key to fostering trust within the global climate talks and facilitating a faster green transition, she stressed.

The latest available figures from the Organisation for Economic Co-operation and Development show that in 2018, a little under $80 billion was delivered to vulnerable countries.

An analysis by aid charity Oxfam last year put the real figure – when counting only grants and not loans that have to be paid back – much lower, at $19 billion-$22.5 billion.

Meanwhile, the 46 least-developed countries between 2014 and 2018 received just $5.9 billion in total for adaptation, a level that would cover less than 3% of the funds they need this decade, found a July study from the International Institute for Environment and Development.

U.S. FALLS SHORT

Climate and development experts argue industrialised countries built their prosperity by burning fossil fuels, making them responsible for a large part of the losses happening in countries on the frontlines of worsening floods, droughts, storms and rising seas, many of them in the southern hemisphere.

A 2020 study in The Lancet Planetary Health journal estimated that, as of 2015, nations in the Global North were responsible for 92% of carbon emissions beyond safe levels for the planet, while the Global South accounted for just 8%.

Diann Black-Layne from the Caribbean nation of Antigua and Barbuda, which is battling sea level rise and more frequent hurricanes, said climate action for developing countries “has to be conditional, because we can’t get the money”.

Black-Layne, lead climate negotiator for the 39-member Alliance of Small Island States, questioned why wealthy governments continued to fund the fossil fuel industry while failing to meet their $100-billion-a-year pledge.

“That money is available,” she said. “There is no shortage of money to get us to the 1.5C (temperature goal).”

Ahead of the COP26 summit, which starts on Oct. 31, host nation Britain has tasked Germany and Canada with coming up with a delivery plan for the elusive $100 billion a year, but observers believe that is unlikely to land until next month.

A major question is whether U.S. President Joe Biden will unveil a bigger U.S. finance commitment at the U.N. General Assembly next week, as concerns grow that the world’s biggest economy is failing to cough up its fair share.

At an April summit he hosted, Biden said the United States would double its climate finance to about $5.7 billion a year by 2024 — but that level is still seen by many climate finance experts as far below what it owes to developing countries.

A recent analysis from the Overseas Development Institute said the United States should be stumping up more than $43 billion a year based on cumulative carbon emissions, gross national income and population size.

It called the United States the biggest offender among 23 donor states in terms of falling short of its responsibilities.

On Wednesday, the European Union pledged to boost the $25 billion per year it provides in climate funding to poorer

countries by 4 billion euros ($4.7 billion) through 2027, and called on the United States to step up too.

Laurence Tubiana, CEO of the European Climate Foundation and a key broker of the Paris Agreement, said this week that “serious pledges” were now needed from Washington given that some European nations had already raised their commitments.

“The U.S. must step up solidarity,” she said, adding she understood Washington was working hard to do so. ($1 = 0.8462 euros) (Reporting by Beh Lih Yi @behlihyi and Megan Rowling; Editing by Laurie Goering. Please credit the Thomson Reuters Foundation, the charitable arm of Thomson Reuters, that covers the lives of people around the world who struggle to live freely or fairly. Visit news.trust.org)

Scoping out corporate carbon neutrality

By Geoffrey Heal/New York

In the run-up to this year's United Nations Climate Change Conference in Glasgow (COP26), a growing number of companies hopped on the sustainability bandwagon, declaring commitments to achieve carbon neutrality – net-zero carbon-dioxide emissions – by mid-century. And among the many ambitious announcements to come out of COP26 is that almost 500 financial-services firms have "agreed to align $130 trillion – some 40% of the world's financial assets – with the climate goals set out in the Paris agreement, including limiting global warming to 1.5°C."

But many commentators have been sceptical about such proclamations, suggesting that they amount to greenwashing. Critics point to corporations' heavy reliance on "offsetting," which has become an increasingly important – and controversial – issue in the broader climate debate. So great is the confusion about what is real and what is not that the Taskforce on Scaling Voluntary Carbon Markets, led by UN Special Envoy for Climate Action and Finance Mark Carney, has established a new governance committee to review corporate emissions pledges.

The sceptics are right to be concerned about the use of offsets. The world needs to get to net-zero by mid-century, and it cannot do that with offsets. Companies buy offsets precisely so that they can continue emitting greenhouse gases (GHGs) while claiming that their emissions are zero, net of the offsets. The very existence of an offset means that the purchaser's emissions are not zero.

But not all offsets are alike. The critics focus on offsets in which one company or country pays another to reduce emissions and then claims the reduction as its own. This is the kind of offset that cannot be allowed if the world as a whole is to get to zero emissions. There is a place, however, for offsets generated by removing GHGs from the atmosphere, for example by direct air capture or forest growth. If a company emits 100 tons of CO_2 and then removes the same amount, its net

emissions really are zero. If all companies do this, the world as a whole will achieve net-zero emissions.

True, the recourse to forestry requires a cautionary note. Growing trees raises issues of both additionality and permanence – additionality because it is hard to be sure that the forest growth would not have occurred anyway, and permanence because there is a risk that the forest will burn, a problem that has grown more visible and severe in recent years.

Still, offsets can play a positive role. The costs of reducing GHG emissions, and the willingness and ability to pay for such reductions, vary greatly from country to country, depending on the sources of its emissions and its stage of development. Some countries may not be willing or able to pay for an expensive reduction in emissions at home but could still pay for less costly reductions abroad. When this happens, an offset market can facilitate a reduction in emissions that would not otherwise have occurred, or that would not occur without a policy that penalises CO2 emissions.

In this case, offsets may be useful at least in moving the world closer to net-zero emissions. But to reach the finish line, they will have to be phased out at some point. There ultimately is no place for offsets in a zero-emissions world.

In the meantime, policymakers and business leaders would do well to attend to a related issue that has been neglected: the failure to distinguish between so-called scope-one, scope-two, and scope-three emissions. Scope one refers to emissions that arise from a company's own operations, whereas scope two applies to those associated with the production of electric power purchased by the company, and scope three to those arising from other parts of the supply chain, particularly from the consumption of the product.

Clearly, there is potential for massive double counting here if one adds up all the emissions across companies. If my company purchases electricity from a local utility, the associated emissions are scope two for me and scope one for the utility. If Exxon sells jet fuel to American Airlines for

use in Boeing aircraft, the emissions are scope three for Exxon and Boeing, and scope one for American Airlines. These emissions are counted three times, which is anathema to any competent accounting system. Every scope-two or -three emission is someone else's scope-one emission.

Fortunately, such confusion is avoidable. If every company has reduced its scope-one emissions to zero, aggregate corporate emissions will be zero. It therefore makes sense for every company to focus only on this factor. If scope-one emissions are brought to zero, scope-two and scope-three emissions will take care of themselves.

This should help to simplify the general policy guidance and instructions given to companies: Focus on reducing your scope-one emissions. Plan on phasing out offsets over the long run. And continue to look for opportunities to remove GHGs from the atmosphere, as these reductions can still be counted against your own scope-one emissions. – Project Syndicate

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What green artificial intelligence needs

Long before the real-world effects of climate change became so abundantly obvious, the data painted a bleak picture – in

painful detail – of the scale of the problem. For decades, carefully collected data on weather patterns and sea temperatures were fed into models that analysed, predicted, and explained the effects of human activities on our climate. And now that we know the alarming answer, one of the biggest questions we face in the next few decades is how data-driven approaches can be used to overcome the climate crisis.

Data and technologies like artificial intelligence (AI) are expected to play a very large role. But that will happen only if we make major changes in data management. We will need to move away from the commercial proprietary models that currently predominate in large developed economies. While the digital world might seem like a climate-friendly world (it is better to Zoom to work than to drive there), digital and Internet activity already accounts for around 3.7% of total greenhouse-gas (GHG) emissions, which is about the same as air travel. In the United States, data centres account for around 2% of total electricity use.

The figures for AI are much worse. According to one estimate, the process of training a machine-learning algorithm emits a staggering 626,000lb (284,000kg) of carbon dioxide – five times the lifetime fuel use of the average car, and 60 times more than a transatlantic flight. With the rapid growth of AI, these emissions are expected to rise sharply. And Blockchain, the technology behind Bitcoin, is perhaps the worst offender of all. On its own, Bitcoin mining (the computing process used to verify transactions) leaves a carbon footprint roughly equivalent to that of New Zealand.

Fortunately, there are also many ways that AI can be used to cut CO2 emissions, with the biggest opportunities in buildings, electricity, transport, and farming. The electricity sector, which accounts for around one-third of GHG emissions, advanced the furthest. The relatively small cohort of big companies that dominate the sector have recognised that AI is particularly useful for optimising electricity grids, which have complex inputs – including the intermittent contribution of renewables like wind power – and complex usage

patterns. Similarly, one of Google DeepMind's AI projects aims to improve the prediction of wind patterns and thus the usability of wind power, enabling "optimal hourly delivery commitments to the power grid a full day in advance."

Using similar techniques, AI can also help to anticipate vehicle traffic flows or bring greater precision to agricultural management, such as by predicting weather patterns or pest infestations.

But Big Tech itself has been slow to engage seriously with the climate crisis. For example, Apple, under pressure to keep delivering new generations of iPhones or iPads, used to be notoriously uninterested in environmental issues, even though it – like other hardware firms – contributes heavily to the problem of e-waste. Facebook, too, was long silent on the issue, before creating an online Climate Science Information Center late last year. And until the launch of the $10bn Bezos Earth Fund in 2020, Amazon and its leadership also was missing in action. These recent developments are welcome, but what took so long?

Big Tech's belated response reflects the deeper problem with using AI to help the world get to net-zero emissions. There is a wealth of data – the fuel that powers all AI systems – about what is happening in energy grids, buildings, and transportation systems, but it is almost all proprietary and jealously guarded within companies. To make the most of this critical resource – such as by training new generations of AI – these data sets will need to be opened up, standardised, and shared.

Work on this is already underway. The C40 Knowledge Hub offers an interactive dashboard to track global emissions; NGOs like Carbon Tracker use satellite data to map coal emissions; and the Icebreaker One project aims to help investors track the full carbon impact of their decisions. But these initiatives are still small-scale, fragmented, and limited by the data that are available.

Freeing up much more data ultimately will require an act of political will. With local or regional "data commons," AIs

could be commissioned to help whole cities or countries cut their emissions. As a widely circulated 2019 paper by David Rolnick of the University of Pennsylvania and 21 other machine-learning experts demonstrates, there is no shortage of ideas for how this technology can be brought to bear.

But that brings us to a second major challenge: Who will own or govern these data and algorithms? Right now, no one has a good, complete answer. Over the next decade, we will need to devise new and different kinds of data trusts to curate and share data in a variety of contexts.

For example, in sectors like transport and energy, public-private partnerships (for example, to gather "smart-meter" data) are probably the best approach, whereas in areas like research, purely public bodies will be more appropriate. The lack of such institutions is one reason why so many "smart-city" projects fail. Whether it is Google's Sidewalk Labs in Toronto or Replica in Portland, they are unable to persuade the public that they are trustworthy.

We will also need new rules of the road. One option is to make data sharing a default condition for securing an operating license. Private entities that provide electricity, oversee 5G networks, use city streets (such as ride-hailing companies), or seek local planning permission would be required to provide relevant data in a suitably standardised, anonymised, and machine-readable form.

These are just a few of the structural changes that are needed to get the tech sector on the right side of the fight against climate change. The failure to mobilise the power of AI reflects both the dominance of data-harvesting business models and a deep imbalance in our public institutional structures. The European Union, for example, has major financial agencies like the European Investment Bank but no comparable institutions that specialise in orchestrating the flow of data and knowledge. We have the International Monetary Fund and the World Bank, but no equivalent World Data Fund.

This problem is not insoluble. But first, it must be acknowledged and taken seriously. Perhaps then a tiny fraction

of the massive financing being channelled into green investments will be directed toward funding the basic data and knowledge plumbing that we so urgently need. – Project Syndicate

• *Geoff Mulgan, a former chief executive of NESTA, is Professor of Collective Intelligence, Public Policy and Social Innovation at University College London and the author of* Big Mind: How Collective Intelligence Can Change Our World.

Clean Energy Has Won the Economic Race

For decades, spectacularly inaccurate forecasts have underestimated the potential of clean energy, buying time for the fossil-fuel industry. But as two new analyses from authoritative institutions show, renewables have already convinced the market and are now poised for exponential growth.

DENVER – For decades, we at the Rocky Mountain Institute (now RMI) have argued that the transition to clean energy will cost less and proceed faster than governments, firms, and many analysts expect. In recent years, this outlook has been fully vindicated: costs of renewables have consistently fallen faster than expected, while deployment has proceeded more rapidly than predicted, thereby reducing costs even further.

Thanks to this virtuous cycle, renewables have broken through. And now, new analyses from two authoritative research institutions have added to the mountain of data showing that a rapid clean-energy transition is the least expensive path forward.

Policymakers, business leaders, and financial institutions urgently need to consider the promising implications of this development. With the United Nations Climate Change Conference (COP26) in Glasgow fast approaching, it is imperative that world leaders recognize that achieving the Paris climate agreement's 1.5° Celsius warming target is not about making sacrifices; it is about seizing opportunities. The negotiation process must be reframed so that it is less about burden-sharing and more about a lucrative race to deploy cleaner, cheaper energy technologies.

With the world already suffering from climate-driven extreme weather events, a rapid clean-energy transition also has the virtue of being the safest route ahead. If we fail at this historic task, we risk not only wasting trillions of dollars but also pushing civilization further down a dangerous and potentially catastrophic path of climate change.

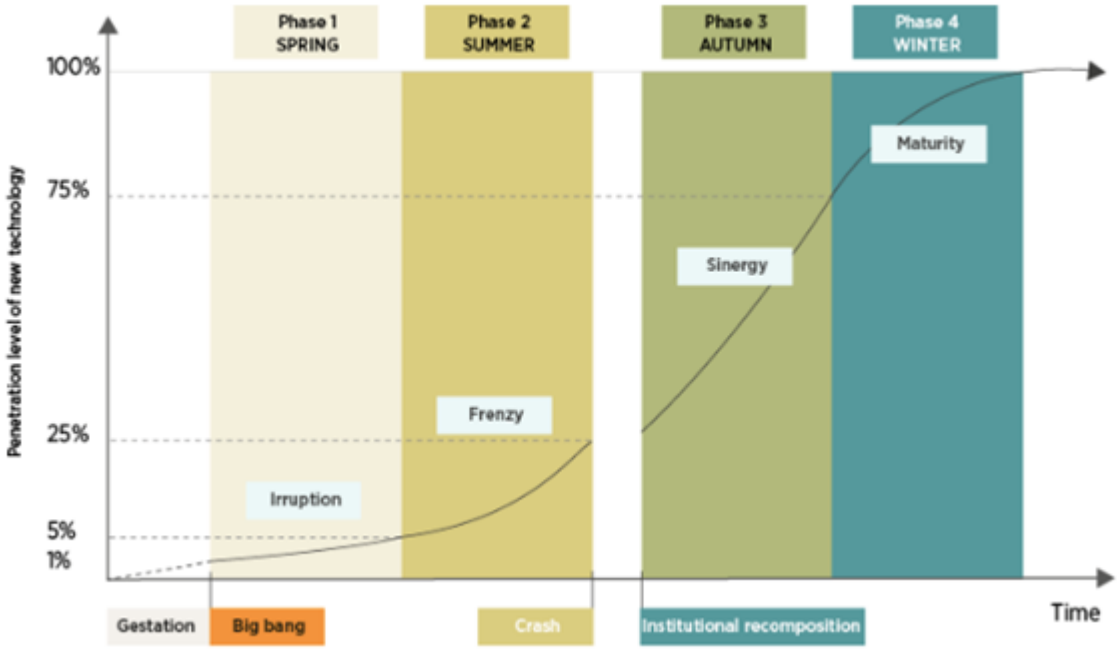
One can only guess why forecasters have, for decades, underestimated the falling costs and accelerating pace of deployment for renewables. But the results are clear: bad predictions have underwritten trillions of dollars of investment in energy infrastructure that is not only more expensive but also more damaging to human society and all life

on the planet.

We now face what may be our last chance to correct for decades of missed opportunities. Either we will continue to waste trillions more on a system that is killing us, or we will move rapidly to the cheaper, cleaner, more advanced energy solutions of the future.

New studies have shed light on how a rapid clean-energy transition would work. In the International Renewable Energy Agency (IRENA) report *The Renewable Spring*, lead author Kingsmill Bond shows that renewables are following the same exponential growth curve as past technology revolutions, hewing to predictable and well-understood patterns.

Accordingly, Bond notes that the energy transition will continue to attract capital and build its own momentum. But this process can and should be supported to ensure that it proceeds as quickly as possible. Policymakers who want to drive change must create an enabling environment for the optimal flow of capital. Bond clearly lays out the sequence of steps that this process entails.

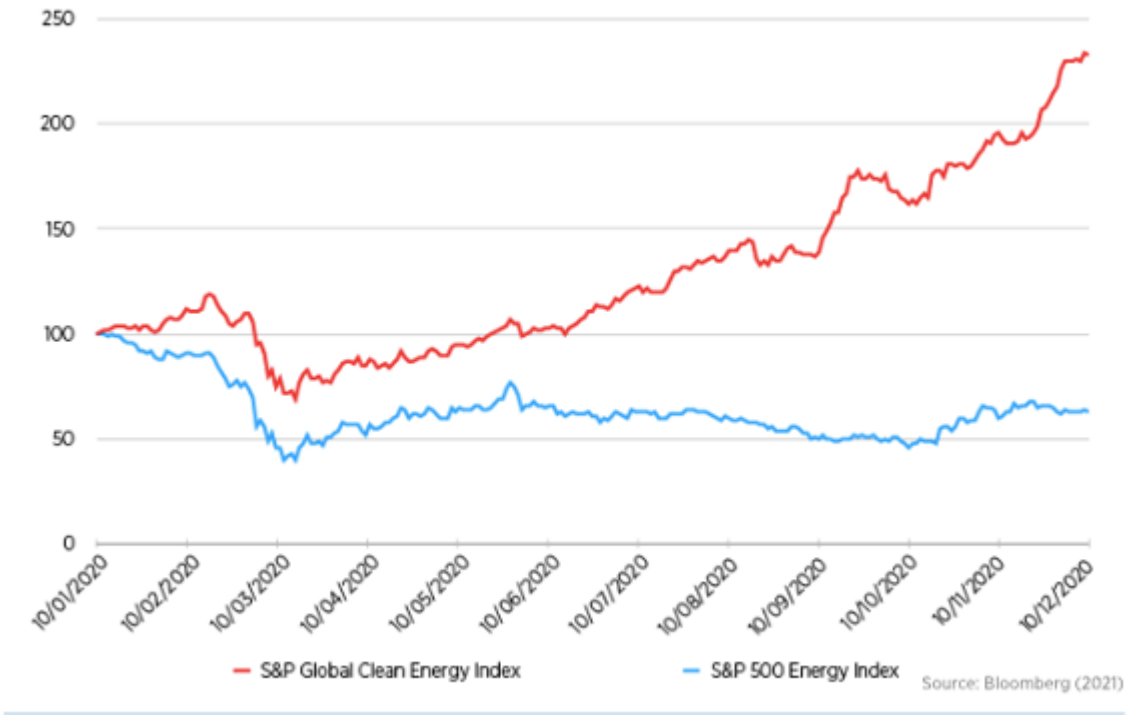


Examining past energy revolutions reveals several important insights. First, capital is attracted to technological

disruptions, and tends to flow to the areas of growth and opportunity associated with the start of these revolutions. As a result, once a new set of technologies passes its gestation period, capital becomes widely available. Second, financial markets draw forward change. As capital moves, it speeds up the process of change by allocating new capital to growth industries, and by withdrawing it from those in decline.

The current signals from financial markets show that we are in the first phase of a predictable energy transition, with spectacular outperformance by new energy sectors and the de-rating of the fossil-fuel sector. This is the point where wise policymakers can step in to establish the necessary institutional framework to accelerate the energy transition and realize the economic benefits of building local clean-energy supply chains. As we can see from market trends highlighted in the IRENA report, the shift is already well underway.

Figure 7: Performance of clean energy and fossil energy stocks in 2020



Source: Carbon Tracker based on Carlota Perez

Reinforcing the findings from the IRENA report, a recent analysis from the Institute for New Economic Thinking (INET) at the Oxford Martin School shows that a rapid

transition to clean energy solutions will save trillions of dollars, in addition to keeping the world aligned with the Paris agreement's 1.5°C goal. A slower deployment path would be financially costlier than a faster one and would incur significantly higher climate costs from avoidable disasters and deteriorating living conditions.

Owing to the power of exponential growth, an accelerated path for renewables is eminently achievable. The INET Oxford report finds that if the deployment of solar, wind, batteries, and hydrogen electrolyzers continues to follow exponential growth trends for another decade, the world will be on track to achieve net-zero-emissions energy generation within 25 years.

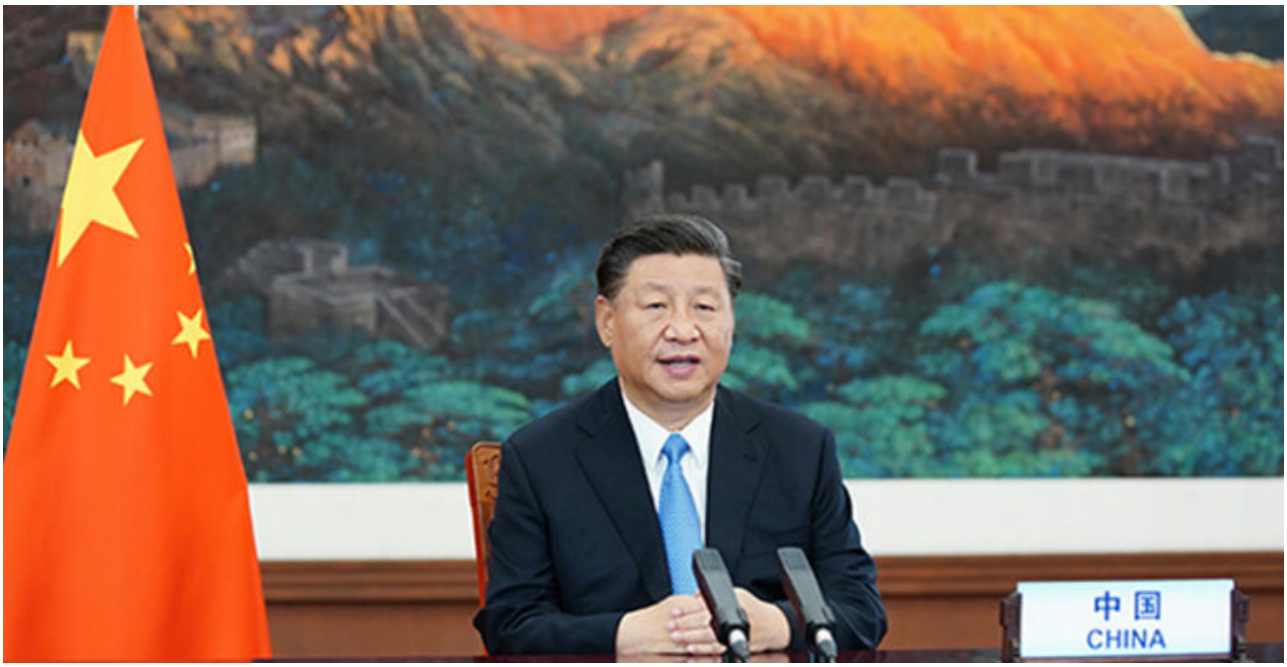
In its own coverage of the report, *Bloomberg News* suggests as a "conservative estimate" that a rapid clean-energy transition would save $26 trillion compared with continuing with today's energy system. After all, the more solar and wind power we build, the greater the price reductions for those technologies.

Moreover, in his own response to the INET Oxford study, Bill McKibben of 350.org points out that the cost of fossil fuels will not fall, and that any technological learning curve advantage for oil and gas will be offset by the fact that the world's easy-access reserves have already been exploited. Hence, he warns that precisely because solar and wind will save consumers money, the fossil-fuel industry will continue to try to slow down the transition in order to mitigate its own losses.

We must not allow any further delay. As we approach COP26, it is essential that world leaders understand that we already have cleaner, cheaper energy solutions ready to deploy now. Hitting our 1.5°C target is not about making sacrifices; it is about seizing opportunities. If we get to work now, we can save trillions of dollars and avert the climate devastation that otherwise will be visited upon our children and

grandchildren.

How China Plans to Become Carbon-Neutral by 2060



China’s industrialization has occurred at a breathtaking pace, lifting hundreds of millions out of poverty and transforming the country into the world’s factory floor. That’s also made it the biggest emitter of carbon dioxide, the main greenhouse gas driving climate change. The most-populous nation has set itself the ambitious goal of becoming carbon-neutral by 2060, a challenging target given it hasn’t even reached its emissions peak. To get there, President Xi Jinping wants to transition away from an economy reliant on coal and other fossil fuels by switching to renewable energy and developing new technology to capture emissions.

1. What is carbon neutral?

It means cutting as much of your carbon dioxide emissions as possible and then offsetting what you can’t eliminate. For a country, this could mean switching to renewable energy such as solar power instead of coal and investing in projects that absorb carbon dioxide, such as reforestation. Carbon neutral has become a goal of companies and countries alike to address public concerns about the impact emissions have on the climate.

2. What is China’s goal?

Even though China is the world’s second-largest economy, it’s still classified as a developing nation and hasn’t reached its emissions peak. That’s forecast to come by 2030, with Xi committing to carbon neutrality by 2060, 10 years after the U.S. deadline set by President Joe Biden. If China pulls it off, it would be the fastest decline from peak emissions among major economies, speedier than Europe’s goal of 70 years and the US target of 40 years. China’s plan, which the country’s climate envoy said includes all greenhouse gases and not just carbon dioxide, would boost global efforts to limit the rise in temperatures and potentially give it greater sway in global matters.

3. What needs to be done?

China has to find replacements for the fossil fuels that have powered its economy and rapid urbanization. A key early step was taken in July when China opened the world’s largest carbon trading market, creating a framework for how emissions are priced and regulated in the country. It’s already pushing the expansion of electric vehicles and automation while investing in nuclear power, which doesn’t emit greenhouse gases. There is more spending on research into technologies such as storage batteries and using hydrogen as a fuel to complement low-emissions energy sources. The government will have develop more wind and solar power projects so that coal-fired plants play a smaller role in generating electricity. Local

authorities have been told to develop regional plans to lower emissions and some have already taken measures to curb what they perceive as wasteful uses of electricity, such as Bitcoin mining.

The ruling Communist Party of China has an overarching goal of creating a “great modern socialist country” to ensure a prosperous life for its citizens. That’s a mantra that has required continuous economic growth and led to increased pollution. Breaking the link between growth and emissions will require policies that take aim at fossil fuels and encourage development of renewable energy. Monetary policy will need to be adjusted if the transition causes inflationary pressure. Beijing will also need to support vulnerable sectors and regional economies during the decarbonization process. For example, the coal industry in Shanxi contributes 20% of the province’s revenue, according to PingAn Securities chief economist Zhong Zhengsheng.

5. What will be the economic impact?

Services and high-technology will have to boost their contribution to the economy, a move that could unleash investment demand of as much as 300 trillion yuan ($46.3 trillion), according to the People’s Bank of China. The central bank has said a big chunk of the funds will come from market investors but a policy framework encouraging private investment will be important. That is in addition to cleaner air, improved road safety and prevention of potential climate damage that the World Bank said could be worth 3.5% of gross domestic product by 2030. Such benefits have to be weighed against the impact on ordinary Chinese people of an economic restructuring that phases out jobs in carbon-emitting sectors, with the coal mining and processing industry employing 3.5 million workers alone.

6. Who are the biggest losers?

China’s 2,200 electricity utilities powered by fossil fuels, a group that accounts for almost half of the carbon China spews into the atmosphere and 14% of the world’s total, are among the first to feel the impact through the country’s carbon market. Power is one of the eight industries that account for nearly 90% of its carbon emissions, a group that also includes steel, construction materials and transport, according to a report by China International Capital Corp. Eliminating their dependence on fossil fuels will require a move to cleaner sources such as wind and solar and spending on mitigation measures or carbon offsets. Regional Chinese economies that rely heavily on fossil fuel production, such as Shanxi and Inner Mongolia provinces, will also be affected.

7. Who stands to benefit?

Electric-vehicle makers are one of the high-profile beneficiaries of China’s plan thanks to government subsidies. Beijing has set a target of having new-energy vehicles account for 20% of sales by 2025 compared with 6% in 2020. Utilities that make the shift to renewable sources will also benefit, along with providers of services such as emission measurement and carbon trading, according to Nannan Kou, head of China research for BloombergNEF. Other winners could include makers of photovoltaic systems, recycling firms and producers of new materials and non-ferrous metals for electric vehicle assembly.

8. What role will the central bank play?

China’s goal of carbon neutrality is shared across China’s key institutions and is a top priority for the PBOC. The central bank removed so-called clean-coal projects from its definitions of green bonds while pledging to revamp tools so it can offer cheap funds for banks to encourage more environmentally focused loans. Regulators also plan to adjust the rules on capital adequacy and how it counts green assets. At the end of March, China’s outstanding green loans stood at

14 trillion yuan, an amount set to expand at a rapid pace.

9. Will private banks play a role?

Banks will need to change who they lend to and balance how their loans mesh with Beijing’s climate ambitions. The high capital cost of building power plants, steel mills and factories mean companies in those sectors often carry significant financing needs and any rapid change could affect their ability to manage credit risks, according to Zhou Xuedong, executive vice president at National Development Bank and a former senior PBOC official. He said a climate-change stress test for financial institutions will be necessary.

This story has been published from a wire agency feed without modifications to the text.

The promise of ‘green’ hydrogen

By Thomas Koch Blank/ Stockholm

While we already have mature technologies that can replace fossil fuels in many parts of our economy, there are areas where eliminating carbon pollution will be much more difficult. Steel, shipping, aviation, and trucking, for example, account for a combined 40% of our global carbon footprint and are on track to consume two times the remaining carbon budget for staying below 1.5C of warming.

Fortunately, “green” hydrogen – H2 produced through electrolysis using renewable energy – holds enormous promise for these sectors. Through various applications, this tiny molecule can provide the heat, reduction properties, fuel, and other services needed to replace fossil fuels. In fact, given the technical challenge of getting these “hard-to-abate” sectors to a state of carbon neutrality, hitting 2050 net-zero targets without it would be virtually impossible.

H2 uptake can serve other objectives beyond decarbonisation. For example, hydrogen’s ability to substitute for natural gas in many applications allows for a degree of energy independence and reduced reliance on liquefied natural gas or pipeline imports from Russia. And while renewables like solar and wind are limited by the extent of electrical grids,

hydrogen can be transported by pipeline or potentially by ship. That means it could become an exportable renewable-energy source, eventually replacing petroleum as the main global energy commodity.

H2 uptake is starting from vastly differing points, depending on the market. In Europe and Southeast Asia, political and market incentives are already fully aligned for the deployment of H2 infrastructure. But in large oil- and gas-exporting economies, the incentives are often conflicting. Notably, there is significant misalignment in the United States, where natural gas fulfils all the political priorities that hydrogen can provide for other markets.

As a crucial element in achieving 2050 net-zero targets, hydrogen production, storage, and transport represents a multi-trillion-dollar opportunity, not only for energy incumbents but also for investors. While hydrogen is currently more expensive (per unit of energy delivered) than competing options such as fossil fuels, the scaling up of electrolyser production is driving down costs. Within the next decade, we can expect H2 to reach break-even points with fossil fuels across different applications, after which hydrogen uptake will bring cost savings.

Green hydrogen is particularly attractive for developing economies. There is a strong geographical overlap between countries and regions with the lowest production cost for renewable energy and those with lower per capita GDP. These countries thus could secure a global competitive advantage by becoming hydrogen producers and exporters. Doing so would also help them attract zero-carbon heavy industry, such as fertiliser manufacturing or hydrogen-based direct reduction steelmaking. And, of course, the development of these sectors would lead to significant job creation.

H2 is also attractive for wealthy industrialised countries, which currently lead the world in the manufacture of hydrogen electrolysers. However, if the recent history of the photovoltaic (solar panel) industry is any guide, wealthy countries may need stronger industrial policies to ensure that

production does not migrate to China and other regions.

There is more work to do before hydrogen can realise its full decarbonisation potential. As matters stand, green hydrogen represents a very small portion of existing hydrogen production. Instead, most hydrogen is “gray,” because it is made using fossil fuels through a steam methane reforming (SMR) process. Though there is potential to capture and store some of the associated carbon dioxide emissions to make a slightly cleaner fossil-based “blue” hydrogen, this option would not be emissions-free. H2 therefore has a complex CO2 footprint, for now.

Furthermore, for hydrogen to deliver on its promise, the decarbonisation of electric grids must happen in parallel. But as with electric vehicles (EVs), we cannot wait for a 100% clean grid to begin deploying electrolysers; we must start now.

This is not as financially risky as it sounds. There will undeniably be a threshold where green hydrogen becomes the lowest-cost source of hydrogen generally. Notably, the US Department of Energy’s recently announced goal of reducing the cost of “clean hydrogen” to $1 per kilogram is nearly impossible to achieve with hydrogen produced through the SMR process at sustainable price levels for natural gas. That means US policy is already aligned behind green hydrogen.

Nonetheless, using green hydrogen to decarbonise heavy industry will demand a truly awesome amount of electricity. Producing the necessary volume of hydrogen would almost double total current global electricity generation. The only way to meet this demand is to build renewable energy even faster.

That, in turn, will lead to critical infrastructure-design questions, such as whether to prioritise H2 pipelines or power lines. And the growth of this sector will have many regulatory implications. To ensure a rapid build-out of hydrogen infrastructure, it will be important to enable monetisation, create rate structures to encourage capital-expenditure deferral, and provide system-wide planning across infrastructure types.

Equally, a move to H2 will accelerate the obsolescence of many fossil fuel-based assets. For these large volumes of stranded assets not to produce negative side effects, they will need to be repurposed or helped into early retirement with various financial incentives.

One high-potential area for repurposing infrastructure is in natural-gas pipeline networks, which, in some cases, can be retrofitted to allow for hydrogen transport. Some thermal power plants can also potentially be repurposed; but, here, the end-to-end efficiency of power-to-hydrogen-to-power is low, so the profitable use cases are limited. For the steel industry, the picture is grimmer, as existing blast furnace capacity may need to be replaced with direct reduction. Similarly, gasoline and diesel fuelling infrastructure will need to be replaced. But the future of such infrastructure is already in doubt, owing to the growing market for battery EVs.

Hydrogen brings enormous opportunities but also a daunting scaling challenge. Globally, the industry currently has the capacity to produce only around one gigawatt of hydrogen electrolysers each year, whereas, according to the International Energy Agency's analysis on what a 1.5C pathway requires, green hydrogen production will need to grow 1,000-fold from today to 2030.

There are actions that can and must be taken to meet this challenge. First, we need policies to ensure stable demand at scale, so that electrolysis makers can leap-frog into industrialised manufacturing. Second, governments must provide subsidies to cover the initial "green premium" until learning-curve effects take over. And, finally, we must address the tension between current asset locations and the places with the lowest-cost clean-sheet footprint for decarbonised industries.

Backed by direct and indirect political priorities, hydrogen markets have already gained momentum and crossed the point of no return. As such, they are quickly bringing cleaner industry and a decarbonised economy within striking distance. – Project Syndicate

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Why an Electric Car Battery Is So Expensive, For Now

At Tesla Inc.’s ballyhooed Battery Day event last year, CEO Elon Musk set himself an ambitious target: to produce a $25,000 electric vehicle by 2023. Hitting that sticker price — about $15,000 cheaper than the company’s least expensive model today — is seen as critical to deliver a true, mass-market product. Getting there means finding new savings on technology — most critically the batteries that can make up a third of an EV’s cost — without compromising safety. Alongside Musk, traditional automaking giants including Toyota Motor Co. and Volkswagen AG are pouring tens of billions of dollars into the race.

1. Why are EV batteries so expensive?

Largely because of what goes in them. An EV uses the same rechargeable lithium-ion batteries that are in your laptop or mobile phone, they’re just much bigger — cells grouped in packs resembling big suitcases — to enable them to deliver far more energy. The priciest component in each battery cell is the cathode, one of the two electrodes that store and release electricity. The materials needed in cathodes to pack in more energy are often expensive: metals like cobalt, nickel, lithium and manganese. They need to be mined, processed and converted into high-purity chemical compounds.

2. How much are we talking?

At current rates and pack sizes, the average battery cost for a typical EV works out to about $6,300. Battery pack prices have come down a lot — 89% over the past decade, according to BloombergNEF. But the industry average price of $137 per kilowatt hour (from about $1,191 in 2010) is still above the $100 threshold at which the cost should match a car with an internal-combustion engine. Costs aren’t expected to keep falling as quickly, and rising raw materials prices haven’t helped. Still, lithium-ion packs are on track to drop to $92 per kWh by 2024, according to BNEF forecasts, and $58 per kwh by 2030.

Greedy for Gigawatts

EVs are going to be the driving force for lithium-ion battery demand

Source: BloombergNEF Long-Term Electric Vehicle Outlook, June 2021

3. How will the batteries get cheaper?

A major focus for manufacturers is on the priciest commodities, and particularly cobalt. One option is to substitute the metal with nickel, which is cheaper and holds more energy. Doing so requires safety adjustments, however, as cobalt's advantage is that it doesn't overheat or catch fire easily. Another move has been to use alternatives that don't contain cobalt at all, like low-cost lithium iron phosphate cells, once derided for poorer performance but winning a revival as design changes deliver improvements. Simplifying battery pack design, and using a standard product for a range of vehicles — rather than a pack tailored to each model — will deliver additional savings.

4. What about fire risks?

Lithium-ion batteries, whether used in grid-sized storage facilities, cars or devices like smartphones, can catch fire if they've been manufactured poorly, damaged in an accident, or the software that runs them hasn't been designed properly. Incidents remain rare, but garner huge scrutiny in what remains a developing sector. A decision in August by General Motors Co. to carry out a $1.8 billion recall of more than 100,000 Chevrolet Bolt models as a result of battery defects underscored the seriousness. Blazes or overheating incidents this year also impacted major energy storage projects in Australia and California. And the fires aren't easy to extinguish; it took firefighters four hours and took more than 30,000 gallons (113,560 liters) of water to douse a Tesla Model S after a fatal crash in Texas. Tesla insists that incidents involving electric models garner undue attention. According to its 2020 Impact Report, cars with internal-combustion engines (ICE) catch fire at a "vastly" higher rate. From 2012 to 2020 there was about one Tesla fire for every 205 million miles (330 million kilometers) traveled, compared to a fire every 19 million miles for ICE vehicles, the EV pioneer

said.

5. Who are the biggest manufacturers?

Asia dominates manufacturing of lithium-ion cells, accounting for more than 80% of existing capacity. The Chinese company Contemporary Amperex Technology Co. Ltd. (CATL) shipped the highest volume in 2020, capturing almost a quarter of the market. By September this year it had extended its lead to 30%, followed by South Korea-based LG Energy Solution and Japan's Panasonic Corp. Tesla and Panasonic's joint venture is the biggest battery producer in the U.S. Emerging producers include Northvolt AB in Sweden, founded by former Tesla executives, and Gotion High-tech Co. in China.

6. Are the batteries all the same?

They have the same basic components: two electrodes — a cathode and an anode — and an electrolyte that helps shuttle the charge between them. But there are differences in the materials used, and that's key to the amount of energy they hold. Grid-storage systems or vehicles traveling short distances can use cheaper and less powerful cathode chemistry that combines lithium, iron and phosphate. For higher-performance vehicles, automakers favor more energy-dense materials, such as lithium-nickel-manganese-cobalt oxide or lithium-nickel-cobalt-aluminum oxide. Further refinements are seeking to improve range — how far a vehicle can travel before recharging — as well as charging speed.

7. So China's in pole position?

Yes, in almost every aspect. China is responsible for about 80% of the chemical refining that converts lithium, cobalt and other raw materials into battery ingredients, though the metals themselves are largely mined in Australia, the Democratic Republic of Congo and Chile. China also dominates processing capacity across four key battery components

(cathodes, anodes, electrolyte solutions and separators), with more than half of the world's commissioned capacity for each, BNEF data shows. The nation faces a challenge when it comes to advanced semiconductor design and software, components that are increasingly important as cars become more intelligent. Less than 5% of automotive chips are made in China, according to the China Association of Automobile Manufacturers.

8. Is cost the only hurdle?

There's still an issue with driving range. While the most-expensive EVs can travel 400 miles or more before a top up, consumers considering mainstream models remain anxious about how often they'll need to recharge. Automakers and governments have become directly involved in the roll-out of public recharging infrastructure for drivers on the road. However, most recharging is expected to take place at home, and that means another cost for consumers. While the average price of a home-charging kit has fallen 18% since 2017 to about $650, some top-of-the-line bi-directional chargers (which let you send energy from the vehicle to the home or grid), cost more than $6,000. Installation costs in the U.S. can run from as little as $400 to more than $3,300.

9. What's around the corner?

Most keenly anticipated is the arrival of solid-state batteries, which promise a huge performance upgrade by replacing the flammable liquids that enable charging and discharging with ceramic, glass or polymers. QuantumScape Corp. says it has innovations in that field to increase a car's range by as much as 50% and the technology could be deployed in vehicles at dealerships as soon as 2026. Another industry focus is modifying anodes — typically made using graphite — to add more silicon, or by using lithium metal. That would likely make it viable to power smaller aircraft. Storing renewable power with utility-scale batteries for days

or weeks, rather than hours at present, is also a key challenge. Form Energy Inc. is developing iron-air batteries that it says could enable entirely carbon-free grids. CATL and others are also working on plans to substitute lithium, or combine it with, far cheaper sodium-ion technology for some niche applications.

The Reference Shelf

- Electric vehicle sales should increase sharply in the next few years and account for 16% of regular car sales by 2025, BNEF forecasts.
- These are the Nobel Prize winning scientists who pioneered the lithium-ion battery.
- Bloomberg News examines how the U.S. is falling behind as the EV battery soars.
- More QuickTakes on the road to driverless cars, the broader trend toward electrification, greener hydrogen and electric airplanes.
- Bloomberg Opinion’s Anjani Trivedi explains how new power packs will require new supply chains.
- Bill Gates discusses the electrification of transportation in this blog post.
- A TOPLive Q&A with Carnegie Mellon University professor Venkat Viswanathan on the future of batteries.

— With assistance by Chunying Zhang