

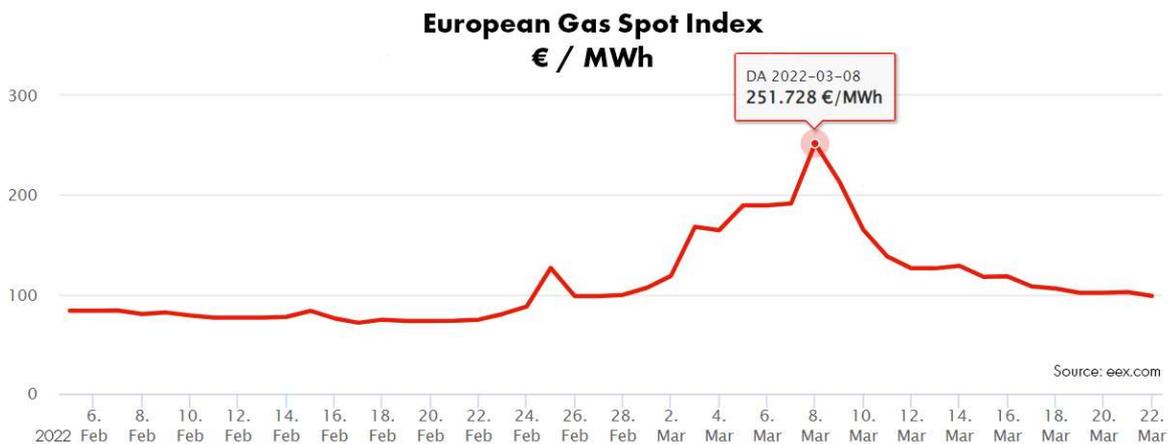
Shifting power and making peace: How renewables contribute to mitigating the current fuel crisis

After experiencing more than one “once-in-a-lifetime” event in the last two years, should we just stand by and leave the world to its own devices? No, we need to talk about the current crises to which we cannot turn a blind eye and the concerns of humanity that are intertwined with the planet. But we also need to talk about resilience, change, and adaptation in the face of adversity. Following the Russia-Ukraine conflict, the worldwide oil and gas market has seen a dramatic escalation of fuel prices in the last weeks, causing insecurity of supply and uncertainty for the future of production costs.

Rising energy prices are not just a short-term issue

The global energy system is not isolated; on the contrary, it is a worldwide network of interconnected relations and a system whose disruption will cause a ripple effect. We can see the impact already today. According to the EEX Market Data Services, the European Gas Spot Index reached a maximum of + 250 €/MWh, more than 300% higher than at the beginning of the year. Actual prices are still 40% higher than prior to the Russia-Ukraine conflict.

According to the Forbes report on an analysis by Goldman Sachs, oil prices could hit \$125 per barrel by this summer. The analysts also predict that the Russia-Ukraine conflict and the uncertainty around possible sanctions will create a “supply shock” in global energy markets, which are already in tight supply. The price volatility is likely what will remain constant with an overall increase in energy costs in the long term.



Market volatility is troubling in the short term, leading to higher inflation

The energy price increase is a significant issue; its impacts rapidly manifest in various aspects of daily life. However, the determining factor is the volatility of the markets. We have entered a period of high market volatility due to a new international geopolitical situation that may last a few months before stabilizing. Therefore, it is in the interest of companies to reduce the risks caused by this volatility, which impacts both future energy bills as well as short and long-term investment planning.

Industrial companies will inevitably pass on the effects of this instability in purchasing costs to their selling prices. Therefore, ultimately, the final consumers, i.e., the whole economy, will suffer from this volatility. This will inexorably lead to an increase in the inflation rate, further destabilizing the economy.

Worldwide, the industrial sector represents 1/3 of the global energy consumption, the majority of which is used for heating and the rest consumed as electricity. Industrial companies have, therefore, a significant stake in the stability of the economy. The general interest meets the interest of industrial companies. It is essential that these companies accelerate their transition to new and renewable energy solutions. It is in their interest to reduce their dependence on energies quoted on the international markets if they want to remain competitive.

There is a way out

Solutions exist. Renewable energy technologies have already proved their technical and economic capabilities of supplying sustainable heat, cooling, and electricity by utilizing solar thermal collectors, photovoltaic modules, and heat pumps. Moreover, the methods and applications to combine these technologies to obtain an optimized technology mix are mature and available in the market.



Christian Zahler, the managing director and one of the founders of Industrial Solar GmbH – a pioneer in providing solar energy solutions to the industrial market, based in Freiburg, Germany – says that “current energy prices allow innovative solutions to achieve unprecedented rates of return on investment. Our solutions have already reached a return of investment in less than 5 years and some cases, even below 3 years.”

Innovative solutions can improve industrial customers' security of energy supply while supporting the global decarbonization efforts.

Renewable energy is peaceful

Throughout history, the root of many conflicts has been resource control. It is likely to continue to trigger tensions in the future, given the growing imbalance between supply and demand. However, energy generation from renewable sources is a peacemaking process, as these energy sources are freely and abundantly available to everyone. Energy distribution will play a less significant role in geopolitics if the transition to renewable sources is promoted more determinedly.

Another important aspect of renewable energy systems is, of course, their positive contribution to decarbonization. Thus, alternative energy solutions are crucial to eliminating several challenges: energy costs can be reduced, independence increases, the environment is preserved, and peace is promoted.

Industry must realize that the shift to renewable energy is inevitable and indispensable. Especially in the current situation, there are no more excuses to postpone the transition to renewables, even from an economic point of view.

We cannot stand idly by and accept everything without a word. We must act consciously and push for a just and swift energy transition. Now is the time!

About Industrial Solar

Industrial Solar GmbH offers customized solutions for renewable energies and energy efficiency in the medium power range. Our systems use solar thermal, photovoltaic, combined heat and power or energy efficiency measures. In addition, we offer comprehensive consulting for the optimization of existing energy systems as well as engineering services. Industrial Solar has extensive know-how and experience in international projects and is the world market leader in the field of Fresnel collectors for industrial applications.

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