

Inevitable Policy Response Quarterly Forecast Trackers




What is IPR

IPR Quarterly Forecast Tracker Methodology

QFT Policy Distribution Heatmaps

IPR has developed high-conviction policy-based forecasts of forceful policy responses to climate change and implications for energy, agriculture and land use, across two scenarios

Please see the IPR [Home Page](#) for further details

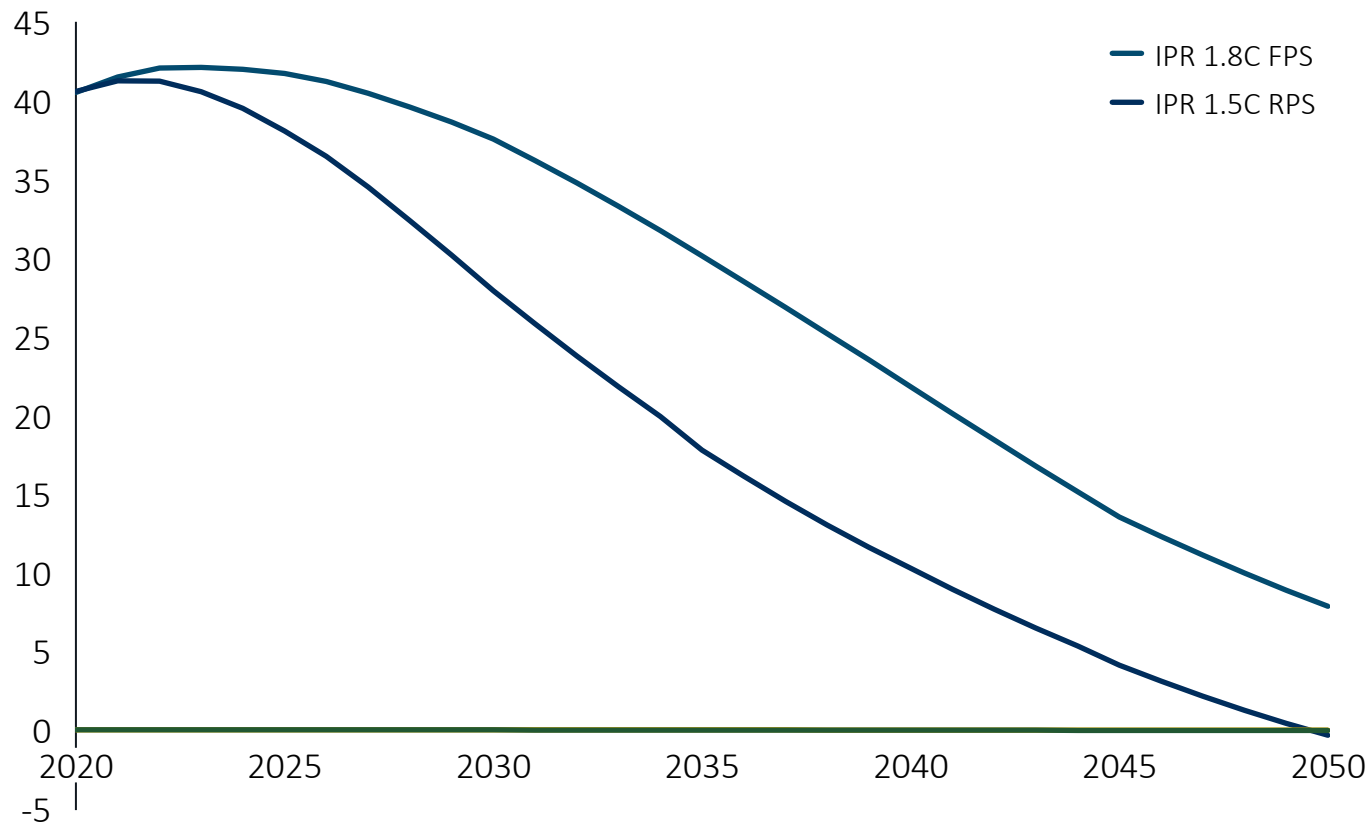
Scenario	Policy Forecast Details	Open Access Database
 <p>IPR 1.8°C Forecast Policy Scenario (FPS)</p> <ul style="list-style-type: none"> Models impact of forecasted policies on the real economy Global emissions fall by 80% by 2050, aligned with warming below 2C (1.8°C) 	<p>IPR 1.8°C FPS Policy Details</p> <p>IPR 1.8°C FPS Energy and Land Use System Results Summary</p> <p>See Appendix for summary of key FPS forecasts</p>	<p>IPR FPS 2021 Value Drivers</p>
 <p>IPR 1.5°C Required Policy Scenario (RPS)</p> <ul style="list-style-type: none"> Required policies to align to a 1.5°C objective building on the International Energy Association’s Net Zero scenario and deepening analysis on policy, land use, emerging economies and value drivers 	<p>IPR 1.5°C RPS Energy and Land Use System Results including Policy Details</p> <p>See Appendix for summary of key RPS requirements</p>	<p>IPR RPS 2021 Value Drivers</p>
 <p>IPR Forecast Policy Scenario + Nature (FPS + Nature)</p> <ul style="list-style-type: none"> First integrated climate and nature scenario for use by investors 	<p>IPR FPS + Nature detailed results</p>	<p>IPR FPS + Nature Value Drivers</p>

IPR has published a set of publicly available outputs from the 1.8°C FPS and 1.5°C RPS that offer significant granularity at the sector/country level, allowing investors to assess their own climate risk across 4,000+ variables

The IPR FPS (2021) results in total CO₂ emissions (land and energy) equating to 1.8°C. The IPR 1.5°C RPS requires emissions below zero by 2050

Inevitable Policy Response 1.8°C FPS and 1.5°C RPS scenarios

Billion metric tons CO₂-equivalent (MtCO₂e)



- IPR’s **Forecast Policy Scenario (FPS)** models the impact of forecasted policies on the real economy, where global emissions fall by 80% by 2050, aligned with warming below 2°C (1.8°C)
- **IPR 1.8°C FPS (2021)** sees emissions rising in the short term through 2025/6 before they start declining. **IPR 1.5°C RPS (2021)** declines slightly by 2025.
- IPR forecasts policy action **by 2025** that drive momentum from then through to 2050
- When we assess **quarterly policy developments in the QFTs** we do this against **these longer-term outcome forecasts**

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IPR categorizes policy announcements according to the following:

- **Legislated** covers any enforceable or funded policy from policymakers or regulators
- **Announced** but not yet legislated



Legislated or announced policies can:

- **Be supportive** of our policy forecasts, but where further strengthening of policies may be required
- **Be confirmatory**, or align closely with 1.8°C FPS forecast thereby moving the forecast into current policies
- Signal an **acceleration** or **deceleration** in policy forecast



In addition to legislated policy, IPR policy forecasts rest on a view that selected announced policies that are supportive or confirmatory will either become directly legislated or impact the real-world economy.

On top of this the IPR 1.8°C FPS forecasts policies expected but not yet announced.

The IPR FPS Policy Forecast therefore goes beyond NDCs, and current policy commitments and ambitions.

Policy developments are assessed based on policy impact relative to reference climate transition scenarios



A 5-point scale¹ is applied to policy developments to indicate magnitude and direction of impact on scenarios

Scale	Details	Impact on policy forecast	
1	Evidence for large deceleration in policy forecast	Potential for >5-year deceleration in transition speed	<p>Greater likelihood of alignment to market expectations (IEA 2.3°C STEPS² scenario)</p> <p>Greater likelihood of Paris-aligned (i.e. well-below 2°C) scenarios including IEA APS and IPR 1.8°C FPS</p> <p>Greater likelihood of 1.5°C scenario (IEA NZE, IPR RPS 1.5°C)</p>
2	Evidence for moderate deceleration policy forecast	Potential for 5-year deceleration in transition speed	
3	Legislated or announced policies that 1) support and increase probability of 1.8°C FPS or 2) confirm FPS policy forecast	No change to 1.8C FPS forecast	
4	Some evidence for moderate acceleration in policy forecast	Potential for 5-year acceleration in transition speed	
5	Evidence for large acceleration in policy forecast	Potential for >5-year acceleration in transition speed	

1. Quarterly Briefing Policy Forecast Trackers adopt a simpler 5-point scoring scale, relative to the 10-point scale used in 2023 Quarterly Forecast Trackers

2. The IEA's 'Stated Policy Scenario' or STEPS reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world


Inevitable Policy Response Quarterly Forecast Trackers

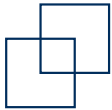
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Summary - IPR QFT assessment from Oct 2021 to April 2023 - multi-step approach to assessing key policy & technology developments impacting climate transition scenarios

- 1


Track/compile announcements between October 2021 – April 2023
- 2


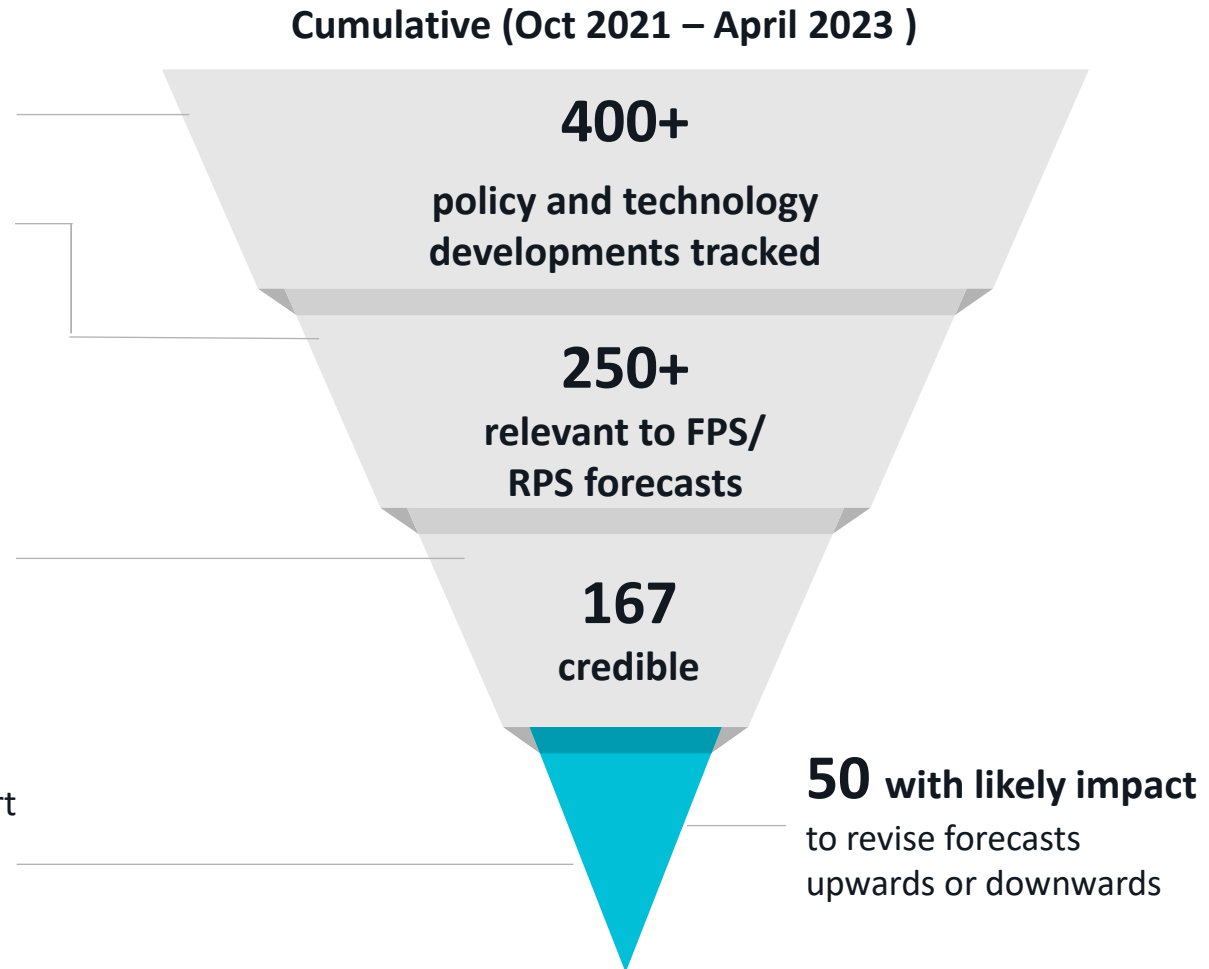
Determine **relevancy** to IPR FPS and RPS forecasts:
- 3


Assess **credibility** of announcement

 - Less credible: off or on-the record statement
 - Credible: Public position on direction of travel
 - More Credible: Published strategy, or enacted legislation
- 4


Score impact of development on RPS and FSP forecast (see previous slide)

 - Legislated or announced policies that 1) support and increase probability of 1.8°C FPS or 2) confirm 1.8°C FPS policy forecast
 - Signal acceleration or deceleration of policy relative to forecasts




IPR Quarterly Forecast Tracker: cumulative climate policy developments (2022 and Q1 2023)

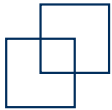
Region / score	1	2	3	4	5	Total
Global	-	3	22	3	-	28
US	-	5	33	4	-	42
China	-	1	12	4	-	17
EU	-	-	35	3	-	38
Germany	-	1	9	5	-	15
France	-	-	2	3	-	5
UK	-	1	14	1	-	16
Brazil	-	4	7	1	-	12
India	-	-	10	-	-	10
Indonesia	-	-	4	1	-	5
Canada	-	-	3	1	-	4
Nigeria	-	-	6	1	-	7
South Africa	-	-	3	-	-	3
Saudi Arabia	-	-	2	-	-	2
South Korea	-	-	3	-	-	3
Japan	-	-	6	2	-	8
Australia	-	-	9	4	-	13
Mexico	-	-	2	-	-	2
Vietnam	-	-	1	1	-	2
Turkey	-	-	-	1	-	1
COP announcements	-	1	3	-	-	4
Total	0	16	186	36	0	238


i. This assessment covers the period from January 2023 to April 2023

ii. The IEA's 'Stated Policy Scenario' or STEPS reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world. 9


IPR QFT in Q1 2023

- 1


Track/compile announcements between January 2023 – April 2023
- 2


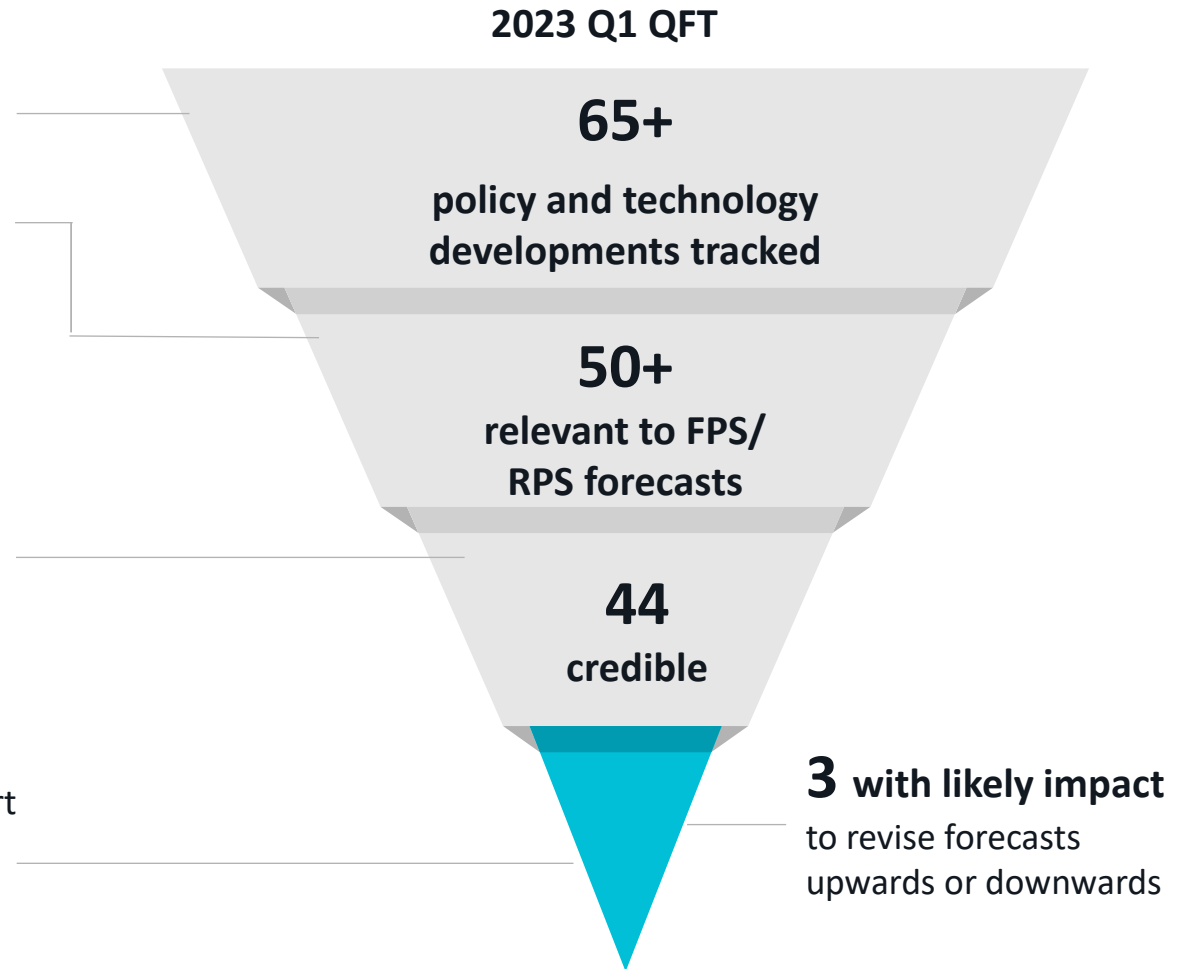
Determine **relevancy** to IPR FPS and RPS forecasts:
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 - Less credible: off or on-the record statement
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Score impact of development on RPS and FSP forecast (see previous slide)

 - Legislated or announced policies that 1) support and increase probability of 1.8°C FPS or 2) confirm 1.8°C FPS policy forecast
 - Signal acceleration or deceleration of policy relative to forecasts



IPR Quarterly Briefing: Q1 2023 climate policy developments

Greater likelihood of alignment to market expectations (IEA 2.3°C STEPS scenario)
Greater likelihood of Paris-aligned (i.e. well-below 2°C) scenarios including IPR 1.8°C FPS
Greater likelihood of 1.5°C scenario including IEA NZE and IPR 1.5°C RPS

Region / score	No change to policy forecast					Total
	Significant deceleration	Moderate deceleration		Moderate acceleration	Significant acceleration	
	1	2	3	4	5	
Global	-	-	1	-	-	1
US	-	1	1	1	-	3
China	-	-	0	-	-	-
EU	-	-	10	-	-	10
Germany	-	1	2	-	-	3
France	-	-	0	-	-	-
UK	-	-	1	-	-	1
Brazil	-	-	0	-	-	-
India	-	-	3	-	-	3
Indonesia	-	-	1	-	-	1
Canada	-	-	0	-	-	-
Nigeria	-	-	1	-	-	1
South Africa	-	-	0	-	-	-
Saudi Arabia	-	-	0	-	-	-
South Korea	-	-	1	-	-	1
Japan	-	-	2	-	-	2
Australia	-	-	1	-	-	1
Mexico	-	-	0	-	-	-
Vietnam	-	-	0	-	-	-
Turkey	-	-	0	-	-	-
COP announcements	-	-	0	-	-	-
Total	-	2	24	1	-	27

i. This assessment covers the period from January 2023 to April 2023

ii. The IEA's 'Stated Policy Scenario' or STEPS reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world. ¹¹

A trend of acceleration in policy announcements relevant to the 1.8°C FPS forecasts is emerging

QFT announcements by quarter

