

**Renewable energy in 2026:
Continuous concentration on solar PV and China
<Summary>**

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Renewable energy will be the largest energy resource in electricity generation in the world in 2026.

1. The share of renewable energy, including hydropower, in global electricity generation is expected to expand to around 36% by 2026. Renewable energy is likely to surpass coal, which was previously the largest source, to become the top source for the first time over the past few decades. The share of variable renewable energy, hereafter VRE, which combines solar and wind, is also expected to expand to nearly 20%, making efforts to ensure the flexibility of the power grid to integrate high-share VRE increasingly realistic as a medium- to long-term challenge.

Global renewable generation capacity is projected to increase by 690 GW in 2026.

2. The increase in renewable energy generation is driven by the rapid growth of renewable generation capacity. While the annual increases continued to break records year by year, reaching 680 GW in 2024 and 750 GW in 2025, the rise in 2026 is expected to be at the same level as 2024, at 690 GW. The annual growth rate will slow to 12% in 2026, compared to 16% in 2024 and 15% in 2025, but it will still remain at a historically high level.
3. China, the largest market in the world, undertook a major change in its renewable support policy in mid-2025, shifting from the traditional fixed-price purchase system to a CfD, Contract for Difference, system based on bidding and market sales. This policy change aims to integrate renewable energy into the market. A surge in activity under the old system occurred in the first half of 2025, and this rebound is expected to lead to a slowdown in the growth of global renewable generation capacity in 2026. Although China has entered an adjustment phase due to the policy change, it is expected to continue to grow at least at the same level as in 2026 under the new system from 2026 onward.

Solar PV is expected to account for 80% of the global renewable capacity growth in 2026.

4. Solar PV is likely to account for nearly 80% of the increase in global renewable

capacity by 2026, continuing the concentration on solar PV that has become prominent since 2020. The dramatic drop in the price of Chinese-made solar modules has led to a decrease in the cost of solar PV generation, even amid inflation, plus the relatively easy acquisition of permits and rapid installation have contributed to its global spread. While such an increase is particularly pronounced in China, the growth of solar PV in other countries will also progress, heavily relying on Chinese products. On the other hand, wind power, which has a relatively high proportion of production outside of China, would see its growth slow down, particularly due to rising costs for offshore wind power, creating a clear contrast with solar PV.

5. The dominance of VRE in the growth in global renewable capacity, which has become significant since 2023, will continue into 2026, 96% in the year, further accelerating the share of VRE in the global power system.

China accounts for 60% of renewable deployment, while the US is slowing down, and India is rapidly becoming the third-largest renewable market after Europe.

6. China's share of the global annual increase in renewable capacity is expected to be almost 60 % in 2026, keeping its dominant position globally. While the policy changes in 2025 will lead to an adjustment period, China will still outperform other markets in 2026. In contrast, in the US, where significant policy changes have also occurred in 2025, a slowdown is expected to begin in 2026, with the most significant impacts anticipated in 2027 onwards. India is accelerating its solar PV deployment and is likely to surpass the US to be the world's third-largest renewable market after Europe.
7. Whereas advanced economies are projected to keep a market size of about 40% of China's in 2026, their growth rate would slow to around 8% p.a. Conversely, developing countries excluding China are growing at 12% p.a., and their markets would rapidly expand to around 80% of the size of the advanced economies in 2026.

Japan's renewable capacity is expected to rise by approximately 6 GW p.a. in 2026.

8. In Japan, renewable capacity, excluding large-scale hydro exceeding 30 MW, will reach 117 GW by the end of FY2026, producing 231 TWh of electricity in the year. When including large-scale hydro in this figure, the share of renewables in total electricity generation in FY2026 is expected to be 26%.
9. The growth of renewable capacity in Japan in FY2026 is expected to be approximately 6 GW p.a., the same level as the previous year. The annual growth rate would slow from a peak of 34% in FY2014 to 6% in FY2026. Achieving the national target of 40-50% renewable share in total power generation by FY2040, set out in the 7th Strategic Energy Plan, will require a further expansion of renewable capacity from the current growth level.

Challenges associated with the further expansion of renewables in 2026.

10. Challenges commonly found in the world associated with further expansion of renewables in 2026 include the concentration of supply chain in specific country; business instability for solar module manufacturers due to excessive competition with and price drop; rising cost of offshore wind development with global inflation; increased grid congestion and curtailment as a result of inadequate power grid infrastructure; grid flexibility to accommodate high-share VRE; public acceptance with local communities and delays in permits to renewable development.
11. In Japan, challenges in 2026 include a decline in public acceptance due to concerns about sustainability, such as environmental impact; a decrease in suitable sites for renewable development; an increase in curtailment due to grid constraints; moving away from Feed-in Tariff scheme and becoming self-sufficient renewable business models and withdrawal of operators and development delays from offshore wind development.

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