

Renewable Fuel Market to Record 7.9% Y-O-Y Growth Rate by 2031

The renewable fuel is gaining momentum owing to several joint as well as individual initiatives from government and private players.

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The renewable fuel market was valued at \$955 billion in 2021, and is estimated to reach \$2034.6 billion by 2031, growing at a CAGR of 7.9% from 2022 to 2031. Renewable fuels are generated through [renewable sources](#) such as feedstock, solar, hydropower, and geothermal ways of producing energy. They are termed renewable owing to the fact that they are available

in huge amounts and can be harnessed infinitely. The renewable fuel market is gaining momentum owing to several joint as well as individual initiatives from government and private players. The Paris agreement and net zero target pledges have played a big role in the energy shift occurring worldwide.

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Renewable fuel market demand secure and sustainable fuel is expected to increase the demand for biofuels across the globe. Several government support programs for eco-alternatives of fuel and consumption of biofuel are expected to grow at significant levels over the next few decades. Over the next two decades, global energy consumption is expected to increase by 28%, and renewable energy is expected to be the fastest-growing energy source. Biomass-based diesel and ethanol represent the majority share of renewable energy. According to the Tracking Transport report by the International Energy Agency, transportation biofuel production has expanded by over 6%.

Renewable fuel industry growth was driven by a tax incentive available to gasoline marketers,



fueling the use of ethanol as a gas extender and octane enhancer, largely by independent marketers looking for a competitive edge against the major oil companies. Beginning with the Clean Air Act Amendments of 1990, however, renewable fuel policy was redirected to meet air quality policy goals. Initially, that meant reducing exhaust emissions of carbon. Later, with the passage of the Energy Policy Act of 2005, ethanol and other renewable fuels were called upon to address global climate change by, for the first time, requiring carbon-reducing renewable fuels to be used.

While other renewable energy sources, such as wind and solar energy, are not practical for many types of transportation, renewable fuels are. Hydrogen fuel cell vehicles, airplanes powered by biomass-based sustainable aviation fuels, and biodiesel-powered buses are just a few examples of how sustainable fuels have already affected the transportation industry. With the increased support of the government and improved economics, the sector offers wide renewable fuel market opportunities from an investor's perspective.

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In 2020, renewable electricity generation rose nearly 7%, with wind and solar photovoltaic technologies together accounting for almost 60% of this increase. The share of renewables in global electricity generation reached almost 29% in 2020, a record annual increase of two percentage points. However, the drop in electricity demand caused by the Covid-19 slowdown in economic activity and mobility is a key reason for this record.

The renewable fuel market is segmented on the basis of source, application, and region. By source, the market is divided into geothermal, biofuel, hydropower, wind, solar, and others. The hydropower segment dominated the market for 2021; however, the wind segment is expected to grow at a higher CAGR during the forecast period. By application, the market is classified into cooling & heating, power, transportation, and others. The power segment dominated the market in 2021 and the same is expected to grow at a higher pace during the forecast period. Region-wise, renewable fuel market analysis is done across North America, Europe, Asia-Pacific, and LAMEA (Latin America, Middle East, and Africa).

Asia-Pacific dominated the market in 2021 and is expected to grow at a notable pace during the forecast period. Rising population and widespread electrification in rural homes are fueling the demand for energy to power homes, businesses and communities. Clean energy will reduce pollution levels as villages become self-sustainable with their use of clean energy. In 2022, India's renewable energy sector is expected to boom with a likely investment of US\$ 15 billion this year, as the government focuses on electric vehicles, green hydrogen, and manufacturing of solar equipment.

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It is expected that by 2040, around 49% of the total electricity will be generated by renewable

energy as more efficient batteries will be used to store electricity, which will further cut the solar energy cost by 66% as compared to the current cost. Use of renewables in place of coal will save India Rs. 54,000 crore (US\$ 8.43 billion) annually. Around 15,000 MW of wind-solar hybrid capacity is expected to be added between 2020-25.

The [key players](#) operating in the renewable fuel industry are Clean Energy Fuels, Cosan SA, Exxon Mobil Corporation, My Eco Energy, Neste, Renewable Energy Group, Shell plc, Suncor Energy Inc., Total Energies, and Valero Energy Corporation. The players in the market have adopted several strategies, such as Source launch and business expansion, to sustain the market competition. The players in the market have adopted several strategies, such as product launches and business expansion, to sustain the market competition.

Key findings of the study

- Wind source is projected to grow at the highest CAGR of approximately 8.3%, in terms of revenue, during the renewable fuel market forecast period.
- The Asia-Pacific region dominated the renewable fuel market share by over 44.0% in 2021.

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