

Fossil fuel demand at record high. Are renewables dead and gone?

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If you only look at stock prices, then Global Clean Tech funds have seriously underperformed Fossil Fuel investment strategies over the past 2 years:



This is a clear signal: Mr. Market is telling us that renewables are facing significant challenges. Yet, human behavior and our use of global resources make it imperative that we adopt sustainable practices. We have only one Earth, but Homo sapiens continue to act as though we have a backup planet waiting in the wings.

In just 170 years, we've become heavily reliant on oil and gas, with current daily consumption at a record 105 million barrels of oil equivalent. While many analysts predict that peak demand will occur between 2024 and 2026, the need to invest in sustainable energy sources and electrify as much of our energy use as possible remains critical. Electricity can be generated from a variety of sources, including oil, gas, coal, wind turbines, solar panels, hydro dams, nuclear, and in the future, fusion and advanced fission power plants.

Non-fossil fuel energy production will continue to grow, but this growth must be profitable. Unfortunately, too much of the renewable sector’s past development has struggled with profitability. Solar, wind, and hydroelectric power have proven to be cost-effective, so we should avoid backtracking into the “drill, baby, drill” mindset at the expense of continued renewable infrastructure buildouts.

I recently published an investment pitch on SumZero about Vestas Wind Systems, the global leader in wind turbines. If you’d like a copy, feel free to reach out.

