Fortunes to be made and lost

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The world is moving from fossils to renewables

Sources of energy (EJ)

- Carbon was the first driver. Which drove policy, efficiency and innovation.
- Costs are the new driver.
- Pollution and energy security are additional imperatives.
- The emerging market leapfrog will complete the shift.
• The cost of renewable technologies continue to fall rapidly and to below the costs of fossil fuel alternatives.
• As this tipping point is reached, so policymakers can stop subsidies. Which drives the costs of renewables lower.
• And start to tax the externality. Which makes the environment harder for fossil fuels.
Two thirds of incremental electricity supply came from non-fossil sources in 2016. At current growth rates for solar and wind, all incremental electricity supply will come from non-fossil sources by 2021.

Energy for electricity is 80% of incremental energy supply. So total demand for fossil fuels will peak shortly after. Around 2022.

We have seen this before many times. Incumbent demand usually peaks when challengers are small. And incumbents rarely see change coming.

Source: BP, Carbon Tracker
Investors in incumbents lose money at the peak

- Financial markets are driven by change not by size.
- At the peak you get stranded assets. The European electricity sector.
- Falling prices. The coal sector.
- New competition. The car sector.
We have been warned
• The built value of the current fossil fuel infrastructure is around $25,000 billion. This will all be worthless by the end of the century.

• $1,300 billion is already stranded. Stranded assets grow every year as renewable costs fall.

• Fossil fuel and related industries compose up to one third of equity and debt markets.

Source: IEA, Carbon Tracker
And new business empires to be built

New energy capacity

Source: IRENA, GWEC, BNEF, Carbon Tracker

- Growth.
- Innovation.
- New business models.
- Who do you want to be?
For more information please visit:

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