

## Factor 7: Replacing so-called "green energy" with "rational energy"

This chapter is a preview of a forthcoming report, which will be accompanied by a series of Weekly Dispatches dedicated to so-called "renewable energy", "ESG investing", and related subjects.

In a nutshell, I don't buy into the current conventional wisdom.

We have all seen recent headlines such as:

- *"World must stop using any fossil fuels."*
- *"Oil and gas are killing the planet."*
- *"Fossil fuel producers will become a stranded, worthless asset."*

Whenever I hear these absolutes and end-of-days statements from the so-called environmental movement, I become sceptical.

My memories of the so-called "Green movement" go back to the early 1980s, when I was 6 or 7 years old. Our teacher gave each of us a free sticker with green slogans to put onto our school satchel – an early version of what is now virtue-signalling on social media! I remember exactly the one I got: "Don't buy colourful toilet paper, because it damages the groundwater." In German, it rhymed: *"Kauf's Klopapier nicht farbig-bunt, dem Wasser schadet's bis zum Grund."*

Later on, I learned that I had fallen for green fallacies. At the time, white toilet paper was often more damaging to the environment because it had been produced using bleach. It all sounded nice, but it missed the target.

For nearly four decades, I have seen ever-new themes and alleged emergencies being propagated from the Greens. I even once worked as CEO of a conservation NGO, a job that had fallen into my lap because of some philanthropic work I had done and which exposed me to the inside of this sector for nearly four years. **By now, I have seen enough earth-ending hysterias that I should have died from some environmental disaster five times over. I am still here, though.**

What I have learned in these years is this:

- The picture is never as black and white as they want to make you believe.
- Much of what they preach is outright wrong, as in it goes against the hard facts.
- To figure out what's going on, follow the money to NGOs, think tanks, special interest groups and the like. That usually tells you all that you need to know.

I have done a lot of reading on the subject lately. Much as I am not yet finished with my research, I am already at a stage where I am willing to stick my neck out for the following thesis:

- Fossil fuels will be with us for much longer than currently anticipated. At the earliest, we'll see other energy forms take over sometime between 2040 and 2050. Possibly, much later even.
- Within fossil fuels, gas sticks out as a relatively clean and efficient energy source. The world will probably experience very significant growth in gas consumption between now and the 2040s, simply because it's a good alternative when considering all factors.
- To get to a cleaner environment, the main question to ask is not what fuel to use, but how to use it. Developing better technologies will more likely yield good results for our planet than banning specific energy forms.

I realise that these are questions that are today discussed with almost religious zeal. Anyone who strongly feels one or the other way is more than welcome to send me emails with recommendations for reading material. At the time of publishing this report, I am marooned on my little island for an extended COVID-19 sit-in. I'll have ample time to read, and my mind remains entirely open.

Until anyone convinces me of the opposite, I expect a new investment trend emerging that roughly looks like this:

- Instead of a black and white approach based on "Coal = bad" and "Wind = good", we'll gradually see a more balanced approach to picking energy investments. How can a country reliably cover its baseload? Which sources make energy available to everyone, not just the wealthy? Which companies are actively advancing the development and deployment of new technologies to make existing energy infrastructure more efficient and less polluting? These are essential questions to ask, without which all so-called ESG investing will remain a naïve pipedream and a scheme to make money off new financial products and services.

- Whereas so-called "renewable energy" has recently been valued at a premium by capital markets, and fossil energy has been valued at a discount, we'll see a gradual convergence. One will come down, the other one will go up. Sanity and rationality will return to the energy market. The divisions sown by the Green movement for financial gains and as a path to power will gradually be replaced with a more rational approach.
- In amidst all this, gas is in the pole position for coming out as a significant winner.

I realise this chapter is written on the back of a lot of generalisations. Upon reflection, I did want to include it as a preview. Watch out for more in-depth reporting on my website over the coming months. In the meantime, I wanted to have nailed my colours to the mast.

Obviously, Gazprom is all about gas. The company's technology is not yet up to scratch, but investing in Gazprom when there is still a lot to improve is part of the equity story. Producing gas in a responsible way will be seen as deserving a premium during the 2020s, and it'll replace a lot of the other nonsense that is currently being peddled.