

**EPISODE  
395**



# **THE FUTURE OF FOSSIL FUELS**



## Background:

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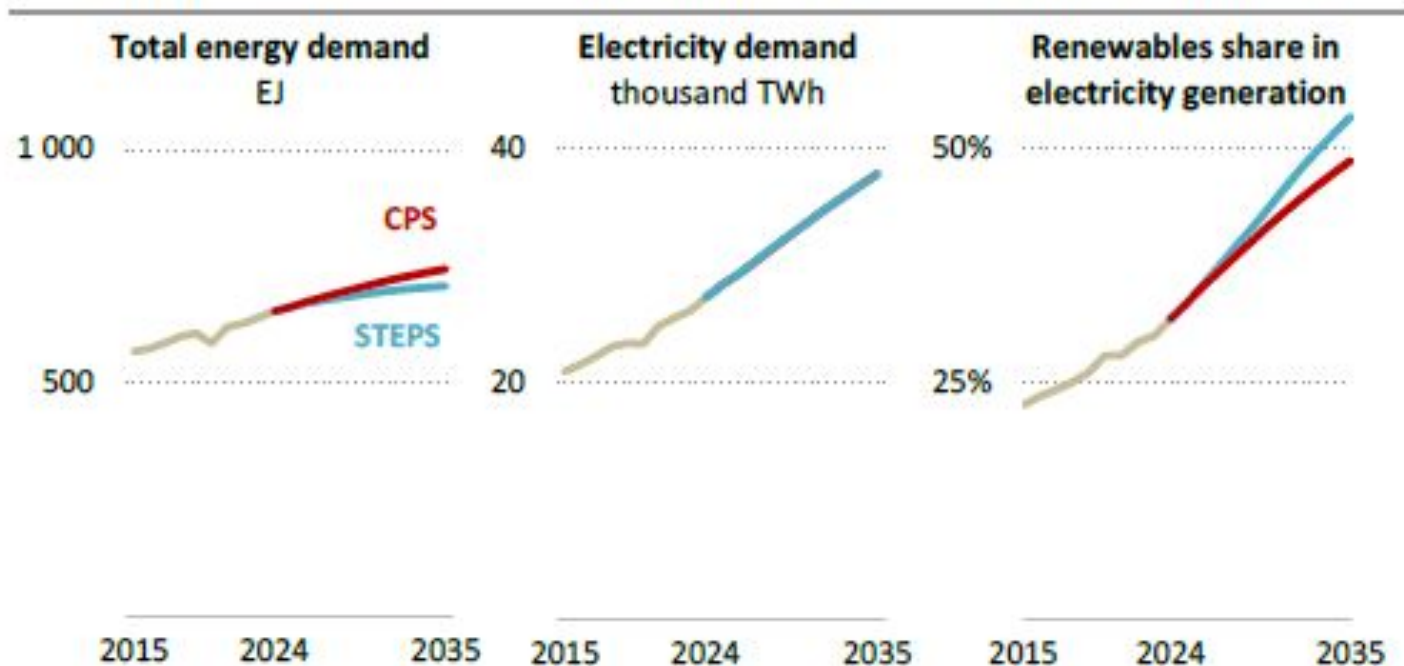
- Climate change real
  - but water muddied by vested interests
- Fossil fuels still required
  - but investment incentives are skewed
- EVs have arrived
  - but will take ages to displace oil
  - Driverless cars the wildcard

# Geopolitical:

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- Russia / Ukraine
  - Resolution = flooded with oil (+ extra gas)
  - Drone tech improvements = short of oil
  - Sanctions = short of oil
- China
  - Self sufficiency
  - +ve: Coal -ve: gas, oil
  - Wind, solar, EVs
- Europe
  - -ve: gas, +ve: wind, solar
  - EVs ?
- US
  - Trump
  - +ve: gas -ve: coal, wind, solar, EVs

# IEA report:

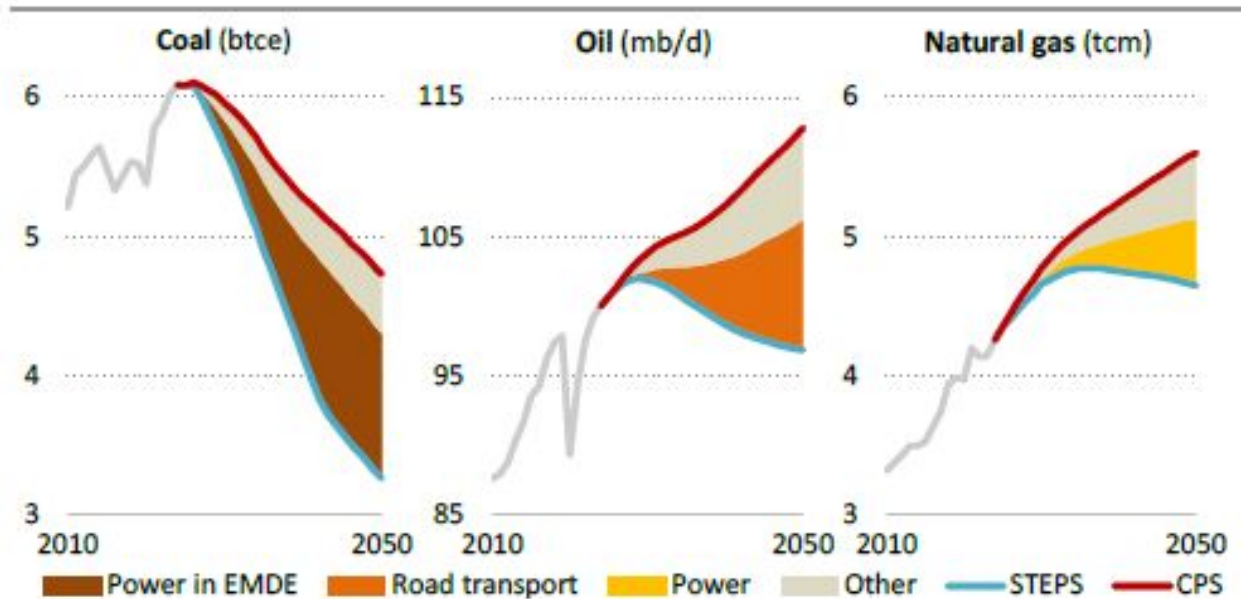


IEA. CC BY 4.0.

*Electricity demand outpaces total energy demand growth by a wide margin;  
renewables account for an increasing share of surging electricity demand*

# IEA report:

**Figure 1.2** ▶ Demand for coal, oil and gas by major driver and scenario, 2010-2050

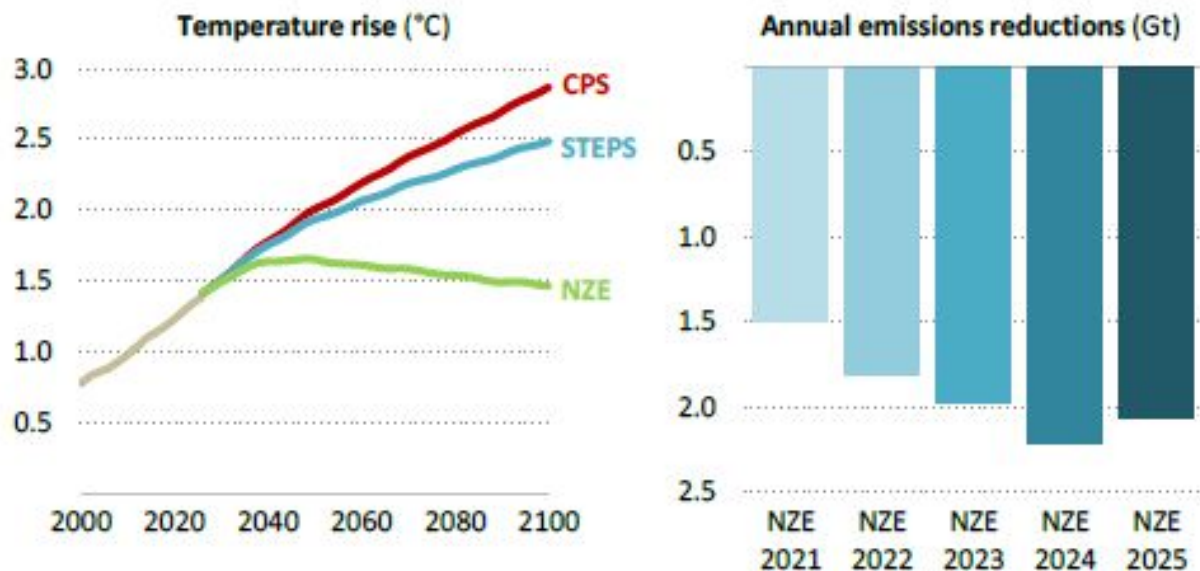


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*Coal and oil demand peak by 2030 in the STEPS; growth is higher in the CPS due to slower uptake of technologies such as renewables and EVs*

# IEA report:

**Figure 1.5** ▶ Global average temperature rise, and annual emissions reductions from peak to 2035 in past NZE Scenario editions

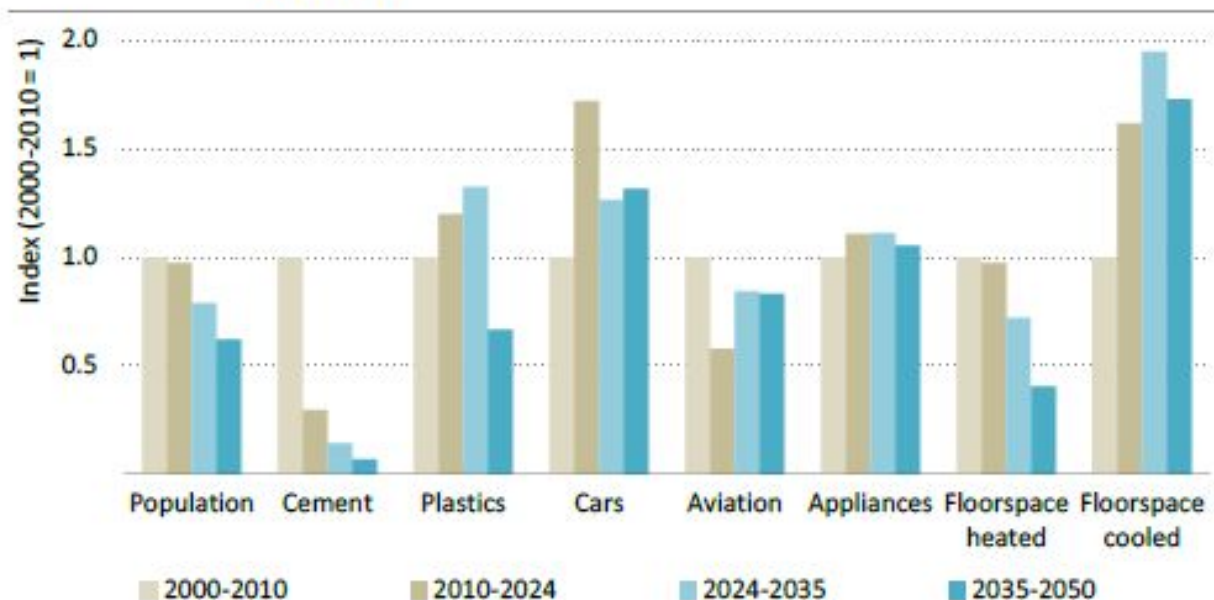


IEA. CC BY 4.0.

*The average temperature rise reaches 2.9 °C in 2100 in the CPS, 2.5 °C in the STEPS, and in the NZE Scenario it peaks at around 1.65 °C in 2050 and falls below 1.5 °C in 2100*

# IEA report:

**Figure 1.8** ▶ Annual growth of selected demand drivers by time period, 2000-2050

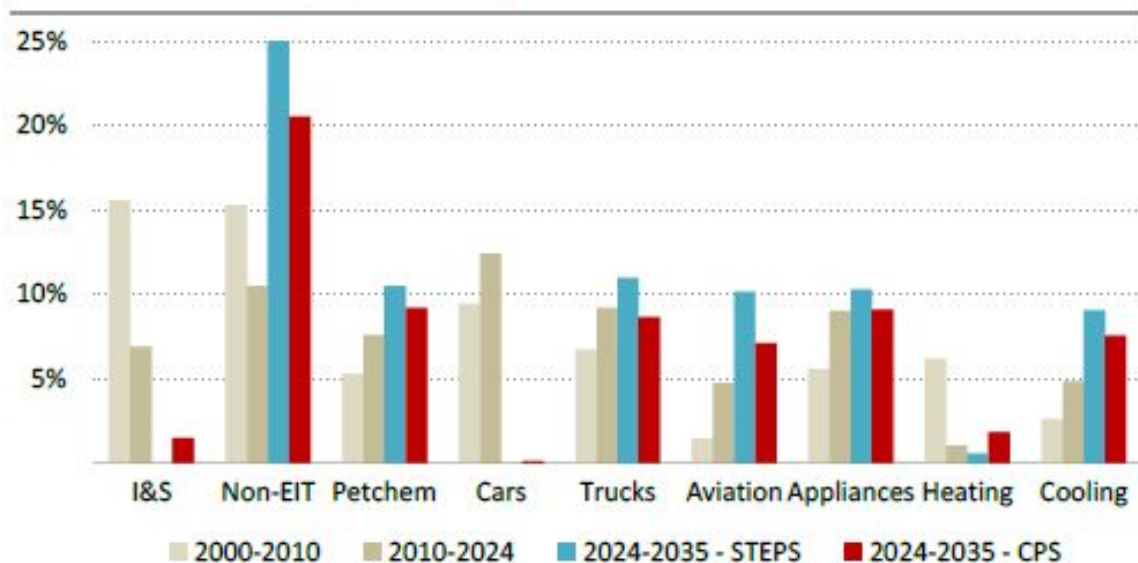


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*Growth in conventional energy demand drivers is set to slow significantly in the coming years, though cooling needs accelerates*

# IEA report:

**Figure 1.9** ▶ Average annual net growth in total final consumption in selected end-uses, 2000-2035



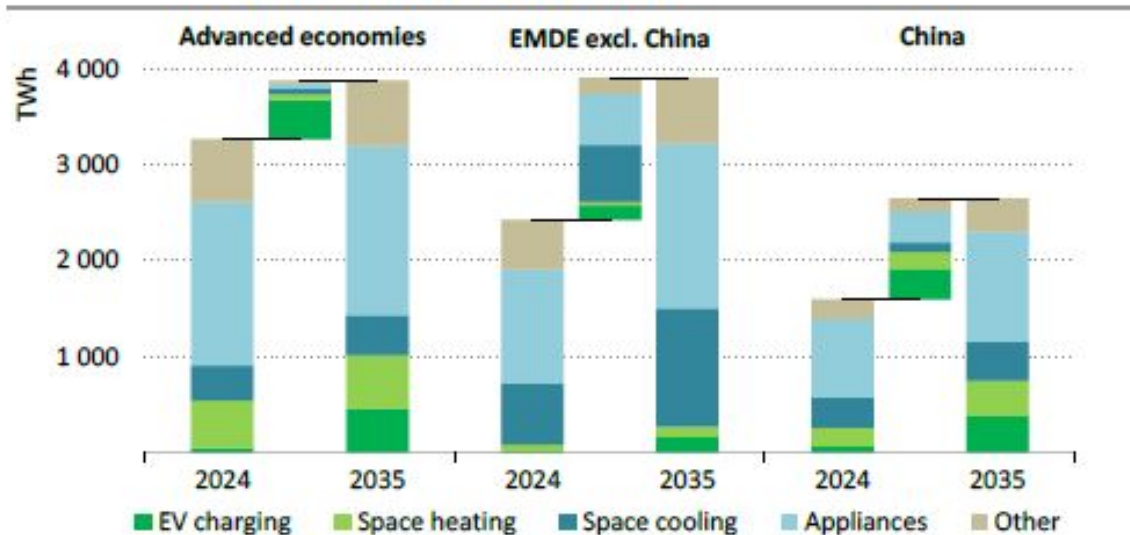
IEA. CC BY 4.0.

*Growth in energy consumption is shifting from traditional industries and cars to non-energy-intensive industries and cooling*

Note: I&S = iron and steel; non-EIT = non-energy-intensive industries; Petchem = high value chemicals. CPS = Current Policies Scenario; STEPS = Stated Policies Scenario.

# IEA report:

**Figure 1.13** ▶ Total household electricity consumption by end-use in selected regions in the STEPS, 2024-2035

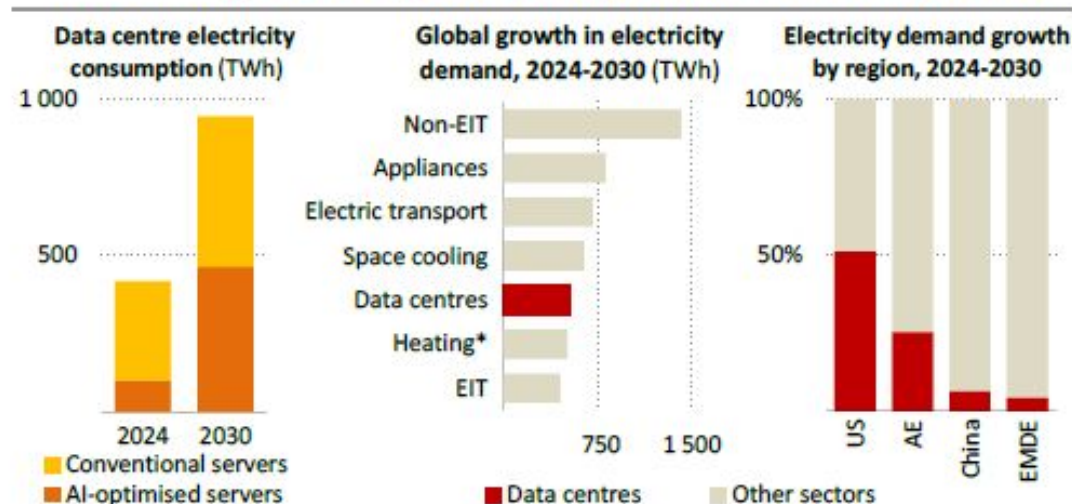


IEA. CC BY 4.0.

*EVs, space heating, cooling and appliances drive growth  
in household electricity consumption*

# IEA report:

**Figure 1.16** ► Electricity consumption in data centres by server type, and global and regional electricity demand in the STEPS, 2024-2030



IEA, CC BY 4.0.

*Even as electricity consumption from AI-optimised servers surges, data centres remain just one of the many sources of electricity demand growth in most economies*

\*Space and water heating in buildings.

Note: TWh = terawatt-hour; AI = artificial intelligence; EIT = energy-intensive industry; US = United States; AE = advanced economies; EMDE = emerging market and developing economies.

## Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change  


War  


Human Rights  


Health  


Vices  


Animal Rights  


Religion  

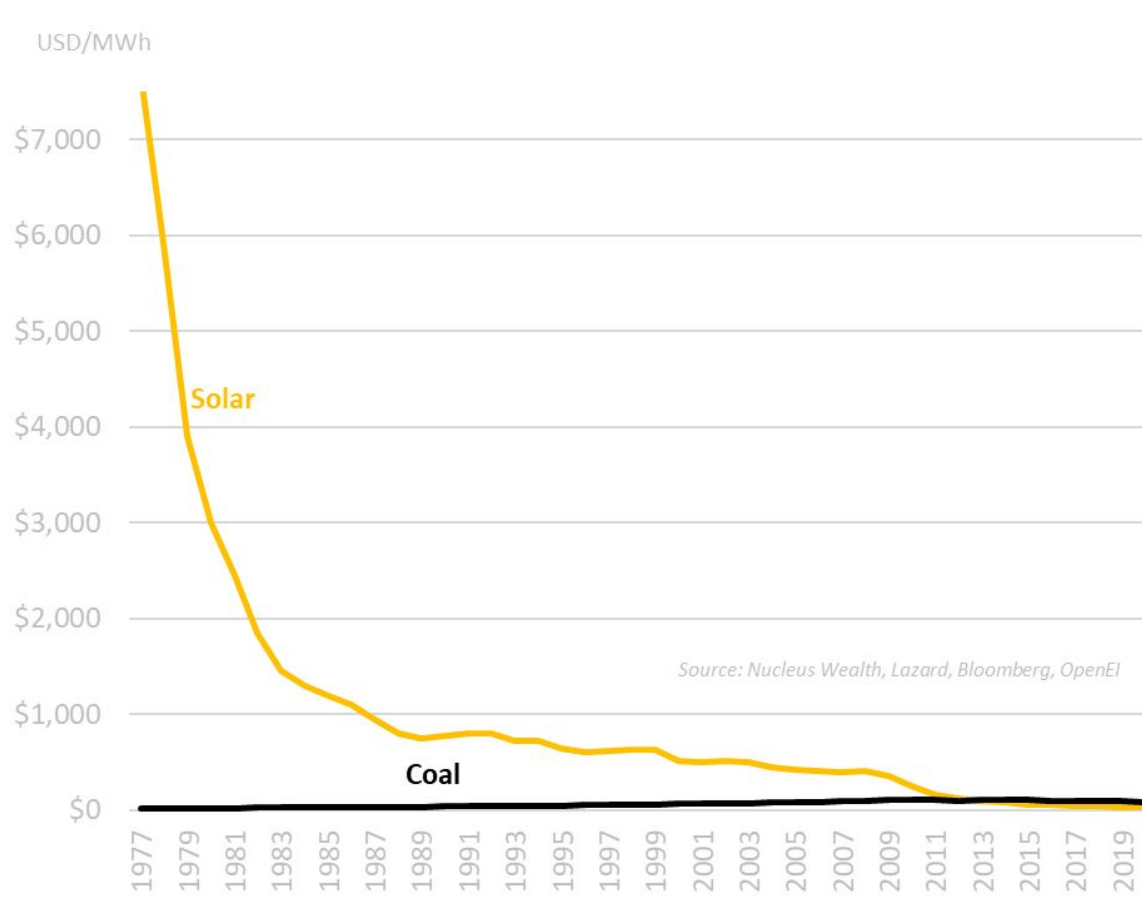

Asset Class  


Thematic  

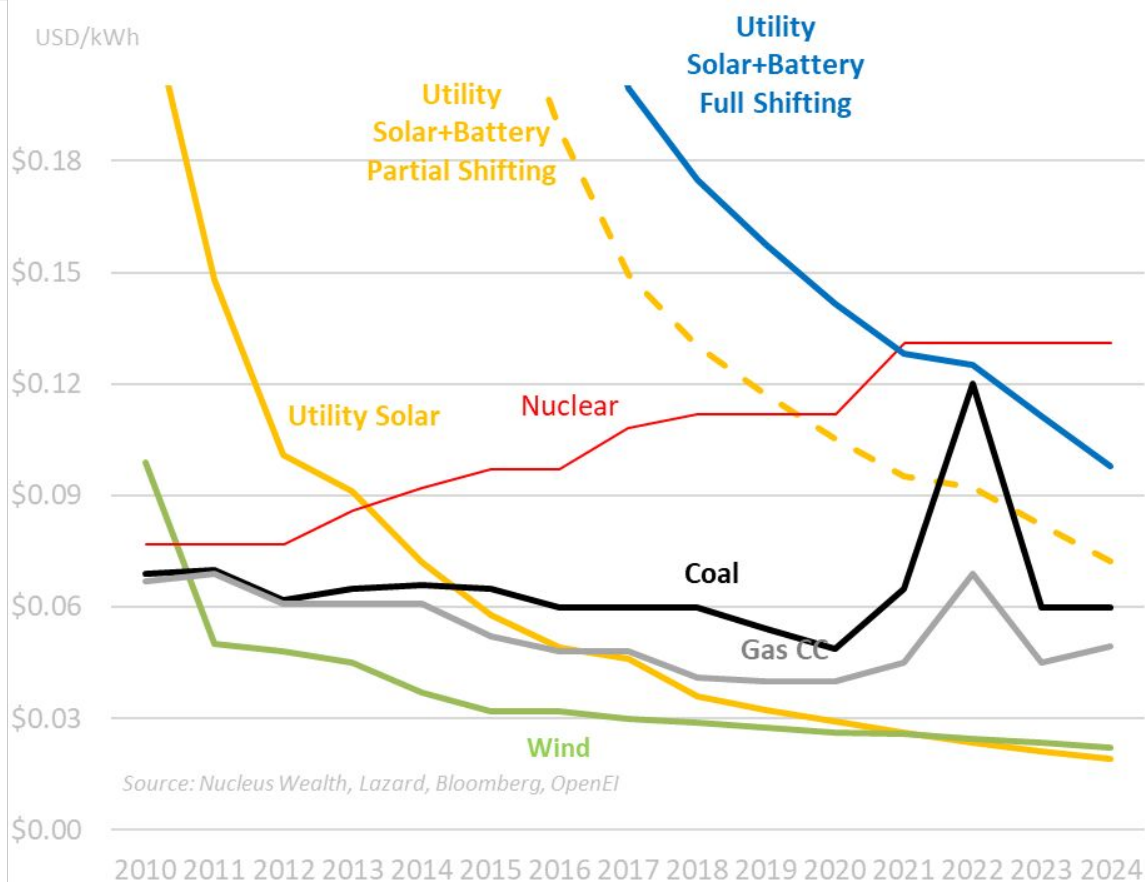

### Climate Change

- ☐ No Fossil Fuels (Worst Offenders) ⓘ
- ☐ No Fossil Fuels (Any) ⓘ
- ☐ No Coal Seam Gas or Fracking ⓘ
- ☐ No Nuclear Power ⓘ
- ☐ No Old Growth Forest Logging ⓘ

# Costs:

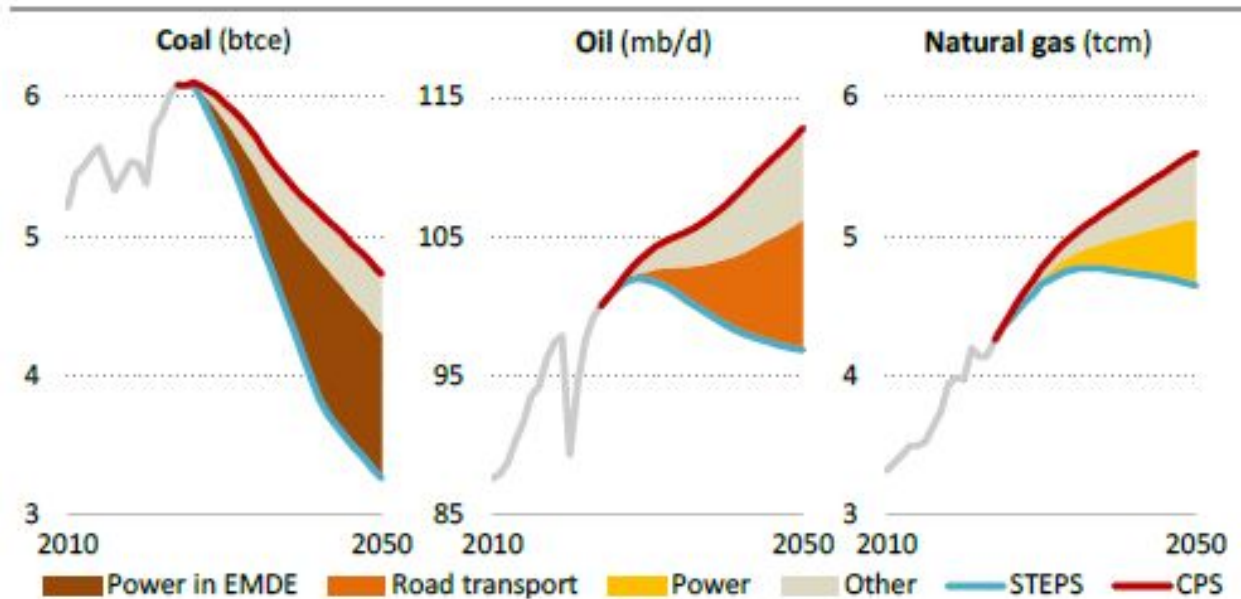


# Costs:



# IEA report:

**Figure 1.2** ▶ Demand for coal, oil and gas by major driver and scenario, 2010-2050



IEA. CC BY 4.0.

*Coal and oil demand peak by 2030 in the STEPS; growth is higher in the CPS due to slower uptake of technologies such as renewables and EVs*

# Personalise Your Portfolio

## Screens

You can exclude the below to customise your portfolio

|                |          |              |          |       |
|----------------|----------|--------------|----------|-------|
| Climate Change | War      | Human Rights | Health   | Vices |
| Animal Rights  | Religion | Asset Class  | Thematic |       |

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?



## Tilts

You can add the below to customise your portfolio

|                          |                |            |              |
|--------------------------|----------------|------------|--------------|
| Investment Style Factors | Climate Change | Technology |              |
| Consumption              | Commodities    | Military   | GICS Sectors |

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?

Personalise your portfolio now >

# Investment outlook:

Climate Change



War



Human Rights



Health



Vices



Animal Rights



Religion



Social



Geographic



Thematic



Asset Class



Custom Screen



## Climate Change

- ☐ No Fossil Fuels (Worst Offenders)
- ☐ No Fossil Fuels (Any)
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## Investment outlook:

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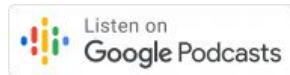
- Coal- invest at low prices, sell on disruption
- Gas - US optionality. Short term increases. Gaps in long term
- Oil - hugely geopolitical. But Russia the key rather than ME

# More from Nucleus Wealth



Find out what your personalised investment could look like in 10-20 minutes – commitment free & at no cost.

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