

# Following the Green Trend

There is an urgent need to slow global warming because of its devastating effects on both the environment and people. The impact on nature is already coming, not only rising sea levels but also extreme weather events such as floods, droughts, and wildfires. For people, rising temperatures in the future could have serious health consequences, and food security and migration issues could have huge political consequences and even spark civil unrest. The UN's Intergovernmental Panel on Climate Change (IPCC), which assesses science related to climate change, has warned that global warming must not exceed 1.5°C from pre-industrial levels to avoid irreparable damage to the planet.

Following the Russian invasion of Ukraine, the European Union (EU) has committed to phasing out its dependency on Russian fossil fuels. Subsequently, the war has sped up the direction towards using renewable energy.

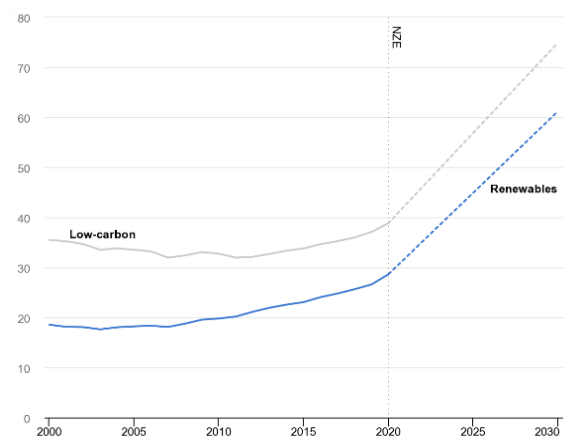
The EU is seeking to diversify its gas supplies, while speeding up the introduction of renewables.

## Renewable power needs to expand significantly to meet the IEA Net Zero Scenario share of 60% by 2030

In 2020, renewable electricity generation rose ~7%, with wind and solar PV technologies together accounting for almost 60% of this increase. The share of renewables in global electricity generation reached almost 29%

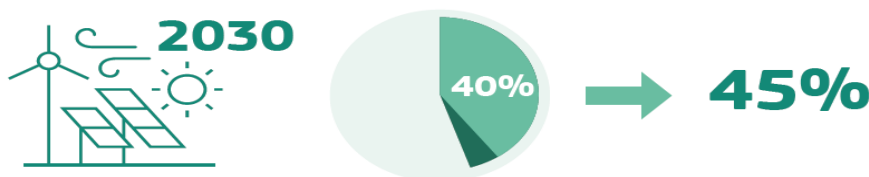
Renewable power deployment as a whole still needs to expand significantly worldwide to meet Net Zero Emissions by 2050.

Source(International Energy Agency)



## Measures

In May 2022 the EU has proposed to increase its 2030 target for total power generated from renewables from 40% to 45%.



**GOING FASTER AND FURTHER WITH CLEAN ENERGY PROJECTS**

## How?

- The EU is planning to double its solar photovoltaic capacity by 2025 and install 600GW by 2030, and to double the rate of deployment of heat pumps.
- European Commission is proposing solar roof panel requirements for commercial and public buildings from 2027 and new residential buildings from 2029.
- EU has voted on a ban on new petrol and diesel cars from 2035 and fast track permits of major renewable projects.
- Setting a target of 10 million tons of domestic renewable hydrogen and 10 million tons of imports to replace natural gas, coal, and oil.



## Funding

- The EU expects that these objectives require an additional EUR210 billion investments between now and 2027 from private and public sector funding.
- The EU also notes, that EUR225 billion is already available through loans provided by the EU.

The International Energy Agency highlights that clean technology, including wind turbines, solar panels and electric vehicles require more minerals than fossil energy. For example: A solar photovoltaic plant needs 7 times more the minerals than a gas plant. Also, an EV requires 6 times more minerals than a petrol car. Global demand for copper should increase by 51% by 2050 according to KU Leuven Research.

Carbon credits continue to penalize polluters while incentivising the goal to net zero emissions.

## Investment opportunities.

With the increase in demand, funding, and the acceleration of a clean energy plan due to the diminished reliance on Russian imported energy, we see growth in investments which take advantage of this transition. Energy generating companies in Europe which are building more capacity and distribution for renewable energy and away from coal are expected to grow their earnings. We expect demand and prices for commodities like copper, gold and carbon credits to rise. These are ways for investments to grow especially given the timing of the Russian and Ukraine conflict which has accelerated the drive to renewables. Max Alpha provides innovative solutions for the wholesale investors to profit from this clean energy mega trend.

References:

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