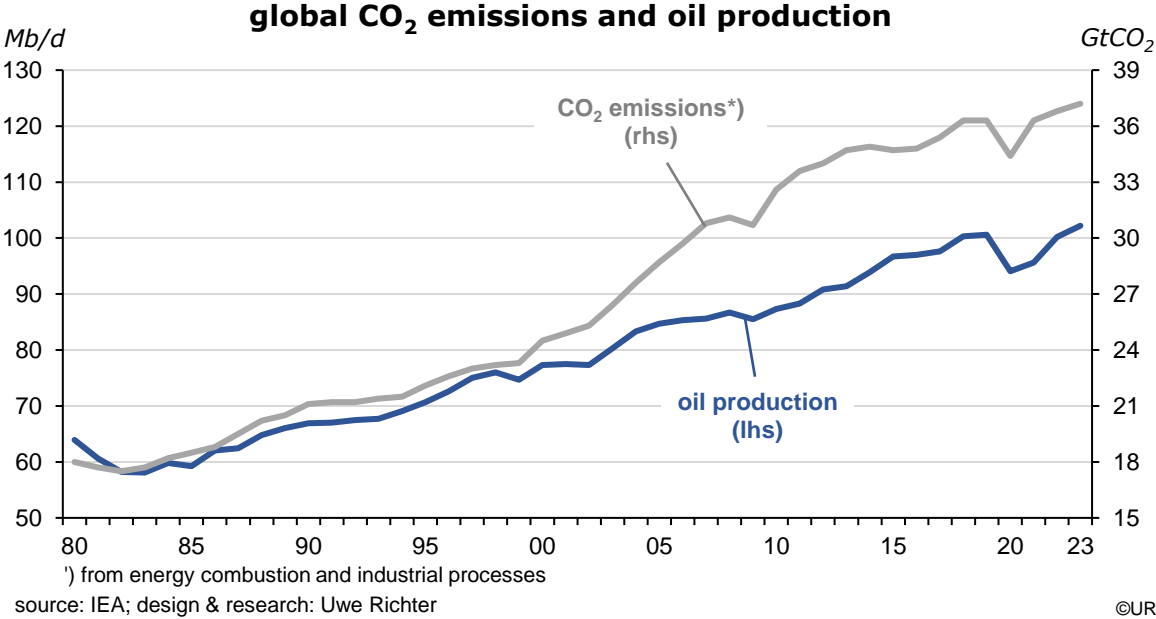


# The end of the fossil fuel age is near

Armissan, October 22, 2024 | Dieter Wermuth

Last week the International Energy Agency (IEA) has published its annual report ([World Energy Outlook 2024](#)), the most important source of data for those who are interested in energy politics and climate change. For the time being, the global production of fossil fuels – crude oil, coal and gas – continues to expand, but toward the end of the decade this will be the end of it, as well as the end of the ever rising emission of greenhouse gases. The world is about to reach an important turning point, even though the climate will not improve quickly and significantly in the following decades. Nor is it likely that the average temperature will begin to fall: too much of the environment has been destroyed in the past, and it takes very long to reduce the concentration of carbon dioxide and other greenhouse gases in the atmosphere. Moreover, emissions remain extremely high for years to come. Rising temperatures and climate catastrophes will be with us for at least the next generation.



In the central scenario of the IEA, the “Stated Policies Scenario”, CO<sub>2</sub> emissions will be reduced from 37.7 billion tons last year, an all-time high, to 36.2 and 31.2 billion tons in 2030 and 2040, respectively. Even then they will not be significantly lower than for instance, in 2010. While the energy intensity of global GDP is steadily declining, mostly a result of the secular reduction, in relative terms, of manufacturing in overall output, as well as ongoing efficiency gains, global energy production will on average rise by 0.7% annually between now and 2030, and by 0.2 percent in the following decade. Over this 17-year period, the share of renewables in total energy production will rise from 12 to 27 percent. The 1.5 degree target that had been unanimously agreed at the 2015 climate conference in Paris will not be reached this way. For now, the world seems to move toward a temperature increase of 2.4 degree. Real estate purchases in Florida are not a good idea for risk-averse investors.

Meanwhile, the structure of capital spending in the energy sector is changing in a dramatic way. Recently about 2 trillion dollars went into “green” projects annually, twice as much as into the energy production from crude oil, gas and coal. The cost of producing energy from green sources continues to fall – which makes alternative energy cheaper in both absolute and relative terms, and therefore increasingly attractive. Electricity demand will rise briskly for the foreseeable future but will no longer depend on burning fossil fuels. A collateral of this is that the prices of oil and gas, and especially for coal, will fall long-term, unless there is a major and protracted war in the Near East. The IEA expects supply overhangs of crude oil, but also of solar panels and batteries in the second half of the present decade.

China is by far the most important driver of structural changes in the energy sector. At the beginning of the thirties, the country’s solar panels alone will produce as much electricity as the US is consuming today. Let’s hope that this dominance in renewables will not lead to a trade war – which would cost the world dearly and be a catastrophe for the climate.

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