

# ACATIS FAIR VALUE SPECIAL

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## Will we achieve the energy transformation by 2050? - A report by Dr. Wouter Pronk

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The Paris Agreement was adopted in 2015. Greenhouse emissions are supposed to be reduced by 50% by 2030, and to zero by 2050. However, an article in the leading scientific journal "Nature" shows that between 2015 and 2021, emissions of the major greenhouse gases (CO<sub>2</sub> and methane) have remained virtually unchanged. Accordingly, achieving the Paris targets will require greater reductions in the coming years (a reduction of approx. 8% per year until 2050). The question remains: Will we be able to achieve the energy transformation in time?

I would like to offer a few thoughts in this regard. First, we can see that public opinion on renewable energies has changed drastically in the last few years. The impact of hurricanes, drought periods and heat waves has made people much more aware. But it is not just the increased occurrence of natural disasters that has raised awareness of the risks associated with fossil energy - there are also the geopolitical developments and the energy crisis. It has resulted in a variety of government programmes that support the conversion to renewable energies. In May of this year, the EU introduced its "RePower" plan - a comprehensive programme designed to increase energy efficiency and accelerate the introduction of renewable energies, including a series of technologies such as photovoltaics, hydrogen, biogas and heat pumps. In addition, many national governments, such as Switzerland, have launched major initiatives to promote the use of renewable energy technologies. Some cities, such as Zurich, have even adopted programmes that

would make the city CO<sub>2</sub>-neutral by 2040.

In addition to government programmes, the energy transformation can also be accelerated by price developments. Prices for oil and gas have seen significant increases recently. And while they are on the way down again now, this episode has shown that costs for fossil energy fluctuate widely and that future price developments cannot be predicted. This has raised awareness of the urgency of the energy transformation, not just among consumers but also among industry leaders. On the other hand, prices for the production of regenerative energy have declined and continue to do so. Since 2007, the price for photovoltaic solar power (fully installed) has dropped by 90%. This year, the price for photovoltaic modules continued to fall from approx. 3.0 to 1.0 USD/Wp, amid growing demand.

Even though it is difficult to make predictions about future reductions in greenhouse gas emissions, the current trends are very promising and increase the hope that the energy transformation will actually happen..

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