

Clean energy is outperforming fossil fuels in America, UK and Europe

May 29 2020, by Laura Singleton



Credit: CC0 Public Domain

Renewable power is outperforming fossil fuels in US and European markets, according to a new report published by Imperial College Business School.

The report, which is published in partnership with the International Energy Agency, reveals that despite the growing profile of renewables, the total investment in clean energy is still performing well short of the level needed to put the world's energy system on a sustainable path.

Publically traded [renewable power](#) portfolios have posted significantly higher returns for investors and lower volatility over fossil fuels during the past 10 years and during the COVID-19 crisis. However, capital allocation to renewable power via [stock markets](#) is falling short of government goals due to other obstacles facing investors.

The report is the first in a series of insights led by Imperial with the International Energy Agency to investigate the investment dynamics in the private sector relating to the ongoing global energy disruption. The authors analyzed the performance of listed companies in the US, UK, Germany and France who are engaged in fossil fuel supply, versus those active in renewable power over the past 10 years. The results indicate that renewable power shares have offered investors significantly higher total returns relative to [fossil fuels](#).

Dr. Charles Donovan, executive director of the Centre for Climate Finance and Investment at Imperial College Business School, said: "There's real momentum gathering behind renewable power, based purely on their economic advantage. Our results show that renewable power is outperforming financially, but has still not attracted sizable support from listed equity investors.

"Our analysis demonstrates the challenges to investors of accessing, from a listed markets perspective, the growth potential of the renewable power sector. Existing norms in the investment industry will have to change to provide savers and pensioners with better ways to participate in the upsides from a [clean energy](#) transition."

The full report, Energy Investing: Exploring Risk and Return in the Capital Markets is available to download from the [Business School website](#).

More information: Energy Investing Exploring Risk and Return in the Capital Markets - CCFI, IEA Report: [imperialcollegelondon.app.box. 16tjw48y0kytdsutjq75](#)

Provided by Imperial College London

Citation: Clean energy is outperforming fossil fuels in America, UK and Europe (2020, May 29) retrieved 25 April 2024 from <https://techxplore.com/news/2020-05-energy-outperforming-fossil-fuels-america.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.