

**Joel Moser** Contributor*I cover investment in energy and infrastructure.*

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# La Grande Illusion Of Investing To Save The Planet

The effusive Parisian toasts to a future of clean energy largely got a characteristic New York response on [Wall Street](#): fuhgeddaboutit. The only investment decisions now under consideration in response to the Paris climate conference are possible defensive moves to guard against potential new regulations. Until asset managers are rewarded for doing good, they will continue to try to do well.

What's new out of Paris is an acknowledgement that unless we all plan to turn out the lights and unplug the iPhones, saving the planet from climate change will require technological advances. While tech investors will be betting on new renewable energy and storage solutions, most capital investment has a shorter and surer return profile—7 years, 10 years, that's about it. And not in high risk bets on unproven science or technology, not for all but a minor portfolio allocation, if at all.

What most Americans fail to understand is that over 80% of all global energy is produced by fossil fuels—coal, oil and gas. Of the balance, most is from hydro-power and nuclear reactors, the former likely already at or near peak production and the latter not typically a favorite for those seeking to save the planet. Wind, solar and other non-hydro green power still accounts for a small fraction of energy production and there is no likely scenario that this will dramatically change any time soon, hence the focus on innovative technology.

The world's use of oil could be immediately curtailed if surface transportation were to convert to electricity. The problem with that is that such a move would be a Frankenstein reawakening of the coal industry since, alas, most power is still produced by burning coal.

While not fashionable to say, the most effective short term solution is the replacement of coal power plants with cleaner burning natural gas capacity. Boring to the public, and not a permanent solution, as gas production and use also produce greenhouse emissions, but better for a few years, or maybe a few decades.

The investments that can be made in the short term are in basic research, and these need to be investments by governments and philanthropists. Hydro-fracking emerged in large part due to U.S. government support for research. A more PC analogy is cancer research—while there have been a few successful entrepreneurial outcomes, most of the progress has been fueled by basic research money from government, foundations and the charitable public.

For the short term, this will be about voting and giving, not [investing](#). And, if you are tempted by the now faddish conventional energy divestiture movement, also consider using about 80% less energy.



*Environmentalists take part in a bicycle ride to show solidarity for the global movement for climate justice in Manila on December 13, 2015. Cheering envoys from 195 nations approved a historic accord in Paris to stop global warming, offering hope that humanity can avert catastrophic climate change and usher in an energy revolution. AFP PHOTO / Jay DIRECTO / AFP / JAY DIRECTO (Photo credit should read JAY DIRECTO/AFP/Getty Images)*