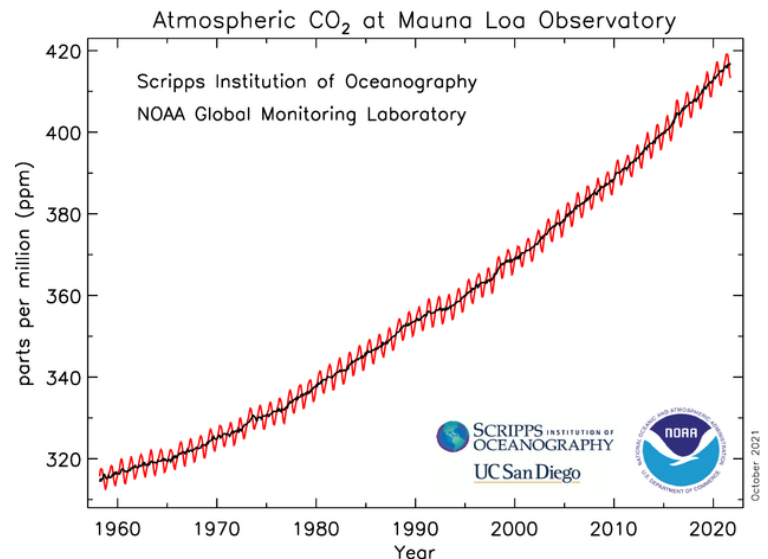


Observations on COP26

The 26th UN Climate Change Conference of the Parties (“COP26”) conference has passed its mid-point, and ZCM Sustainability has watched the process carefully and we’d like to share some observations.

COP26 is the most recent follow-up meeting supporting the process initiated at the Earth Summit in Rio de Janeiro, Brazil in June of 1992. In the subsequent 29 years, much has changed. Unfortunately, what we believe to be the most important metric – atmospheric carbon dioxide concentration – has advanced relentlessly, as this graph depicts.

We believe that this conference might be the first real day of reckoning. Preceding conferences have been long on commitments without the follow through on actions. This year’s conference seems to be an existential “Houston, we’ve got a problem” moment. The magnitude of recent weather-related events, sea level rise, and lack of sufficient progress decarbonizing the electric grid may be a splash of cold reality on previous lofty aspirations.



Source: NOAA Global Monitoring Laboratory, <https://gml.noaa.gov/ccgg/trends/>

More participation is needed

We believe it is useful for global leaders to talk about climate change. It's disappointing to us that participation was not universal and most notable the lack of attendance by China and Russia.

Financial institutions are making commitments

Leaders of the finance industry implicitly committed \$130 trillion to accomplish electric grid net zero by 2050, which could make achieving this goal the central focus of finance for decades to come.

- **Global finance industry says it has \$130 trillion to invest in efforts to tackle climate change**
<https://www.nytimes.com/2021/11/03/world/europe/cop26-climate-change-finance-industry.html>.

Actions need to be scientifically realistic and followed through on

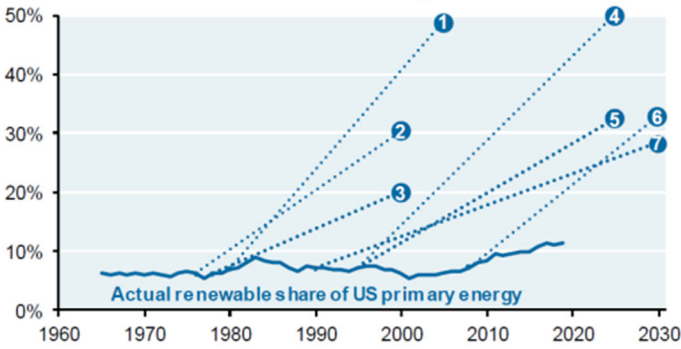
- The plans for achieving the 2030/2050 objectives are biased against nuclear electricity, and this is likely a fatal flaw.
- The real costs of decarbonization – in terms of economic standard of living changes – have not been authentically articulated.
- Many parties have incentives to make pledges but historically they have shown no intention of meeting them in any meaningful way.

- Many leaders, including President Biden, stated that “renewables are the answer”. There is no evidence that renewables can scale on the 2030/2050 timeline. Renewable promises repeatedly fall short, as evidenced by the diagram below:

Overly ambitious forecasts of the 4th great energy transition

Renewable share of US primary energy consumption

Lines start when forecasts were made and end in year of forecast



Source: EIA, listed authors, Vaclav Smil, JPMAM. 2019. Renewables include wind, solar, hydropower, geothermal, biomass, wood and waste.

- 1 Physicist Bent Sorensen
- 2 Amory Lovins, Rocky Mountain Institute
- 3 Carter Administration (solar only)
- 4 Clinton Presidential Advisory Panel
- 5 Intergovernmental Panel on Climate Change
- 6 Google 2030 Clean Energy Plan
- 7 National Renewable Energy Laboratory

In 2020, Mark Jacobson (Stanford) forecast 80% by 2030

Going forward

We continue to monitor the news out of the conference as it finishes up this week and are hopeful that talk turns to meaningful action to attack climate issues.

To be included on our future updates, email letters@zieglercap.com.



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21-02101
Printed Internally

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