

2. The environmental economy – a multi-trillion dollar investment opportunity

Another significant report has concluded that the environmental economy is a multi-trillion dollar investment opportunity. On June 6th, the International Energy Agency (IEA) released a report calling for \$45 trillion in investment in energy infrastructure by 2050. According to the IEA this investment is necessary to reduce carbon emissions by 50% by 2050, a target which has been adopted by the Intergovernmental Panel on Climate Change (IPCC), and the G8 environment and energy ministers.



This \$45 trillion will be needed, says the IEA, in part to fund the con-

struction, each year until 2050, of 17,500 new wind turbines and 215 million m² of solar panels. The goal of this investment would be to triple the share that renewable energy sources make up of total energy production by 2050. The \$45 trillion would also be used to construct, among other things, 55 carbon-capture and storage technology (CCS) -equipped fossil fuel plants per year over the same period.

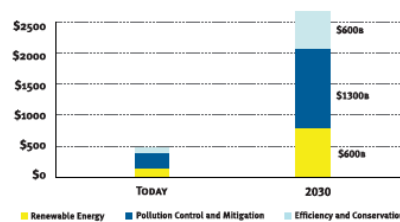
In addition to agreeing to the IPCC target, the G8 has taken the further step of recently announcing that it would establish an International Partnership for Energy Efficiency Cooperation to serve as a high-level forum for, in part, facilitating investment in technologies that help

provide the significant energy efficiency gains required to meet decarbonisation targets.

The impressive scale of these announcements is remarkably close to projections Investeco first developed for a presentation at the Rotman Business School in November 2007. In that presentation, Investeco estimated around \$600 billion per year in investment should be

“it’s good to see the IEA beginning to recognize the scale of the challenge”

made in each of the renewable energy and clean-tech sectors by 2030, for a total of \$1.2 trillion per year. This was based on several sources including the 2006 “Stern Report” from the UK government, and Investeco’s own internal calculations. Based on these sources, Investeco produced a projection that is roughly in line with the new IEA estimate of approximately \$1.1 trillion per year of investment over the next 42 years.



Notably, however, Investeco’s \$1.2-trillion-per-year estimate does not include pollution control and mitigation. As illustrated in the above graph, Investeco projects that pollution control and mitigation in relation to all types of pollution (including carbon) could be worth another \$1.3 trillion by 2030. To the extent that investment growth in this sector includes the CCS in part required to ‘decarbonise’ energy production, the true required investment in ‘decarbonisation’ could be significantly more than even the IEA’s current estimate.