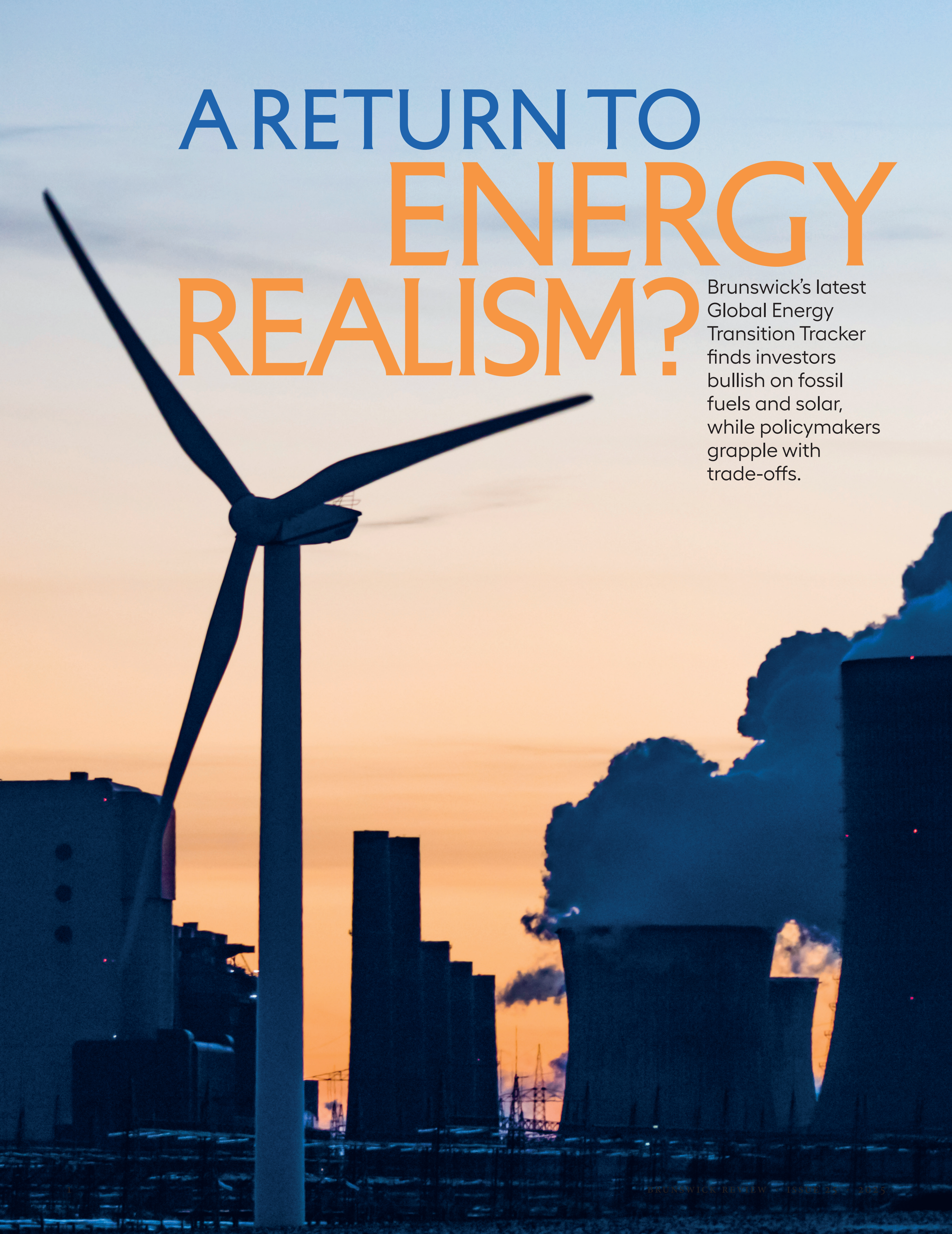
A RETURN TO ENERGY REALISM?

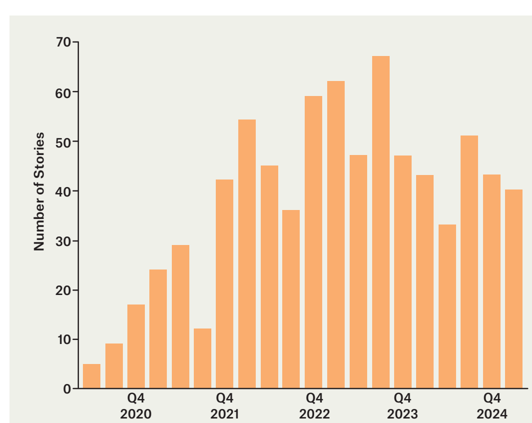
Brunswick's latest Global Energy Transition Tracker finds investors bullish on fossil fuels and solar, while policymakers grapple with trade-offs.



Use of the term "energy realism" in major media outlets more than doubled between 2020 and 2025, according to Brunswick's latest Energy Transition Tracker. The rhetoric of a swift, seamless shift to a low-carbon future is increasingly giving way to a more sober public conversation, one defined by trade-offs, constraints and shifting investor priorities. • Brunswick's eighth Global Energy Transition Survey—drawing on views from investors, policymakers and civil society across the US, UK and UAE—suggests an important reframing of the energy debate. These groups are not rejecting the transition, but they are recalibrating how they think it will unfold. • Support for the overall direction of the energy transition remains strong, but awareness of its complexities is growing. Clean technologies still enjoy broad backing, yet that support now varies markedly by region. UAE stakeholders are more supportive of paying a cost to reduce fossil-fuel use than their counterparts in the US and UK. Optimism has softened in the US as energy costs, supply constraints and political headwinds mount. Part of this may be a backlash to the perceived idealism of recent years, when decarbonization was often framed as a smooth and beneficial shift.

IN THE NEWS

Across top-tier media outlets in the US, UK and UAE, mentions of "energy realism" have risen sharply over the past five years.



4 BROAD SHIFTS SUGGESTED BY THE SURVEY:

1 Energy security is an increasingly central part of policy discussions, in the wake of geopolitical shocks and resurgent nationalism.

2 A marked shift toward energy realism. The smooth narratives of recent years—where decarbonization was positioned as broadly beneficial and relatively painless—are giving way to more grounded assessments of cost, complexity and deliverability.

3 The post-COVID enthusiasm for all things low-carbon no longer looks like a sensible "new normal". Higher interest rates and cost of capital are forcing better scrutiny of low-carbon projects, especially since the cost of fossil fuels remains relatively low compared to green energy investment.

4 Affordability has reasserted itself both for consumers and industry. For the first time since the 1970s, the cost of energy is primary in investment decisions and political messaging.

DIVING INTO THE DATA

Asked where they see the best returns over the next decade across eight different energy categories, investors spread their bets—suggesting an "all of the above" mindset is taking hold.

Fossil fuels, in particular, are seeing a resurgence in investor confidence. In both the US and UAE, investors say they would now allocate over one-third of their portfolios to oil, natural gas and, surprisingly, coal. In August 2021, US investors weren't putting even a quarter of their portfolios toward fossil fuels. In the UK, allocations to fossil fuels have jumped more than 70% over the same period.

The research explores not only how key audiences are investing in the transition, but also their priorities, concerns and how they would approach some of the toughest trade-offs the transition requires.

When we asked respondents what they saw as the biggest threat to delivering the energy transition, the most common answer was cost. It ranked higher than policy uncertainty, geopolitics or even resource constraints.

Politics has played a part. The return of Donald Trump to the White House has emboldened critics of net-zero policies and sharpened focus on the practical challenges of decarbonization. At the same time, structural issues—grid capacity limits, supply bottlenecks for critical minerals and slow permitting processes—are becoming harder to ignore.

One trend driving the current realism is entirely apolitical: artificial intelligence. The energy demands of AI are staggering, and many industry leaders now question whether a renewables-only approach can keep pace.

THE ENERGY TRANSITION IS BEING REFRAMED, NOT ABANDONED.

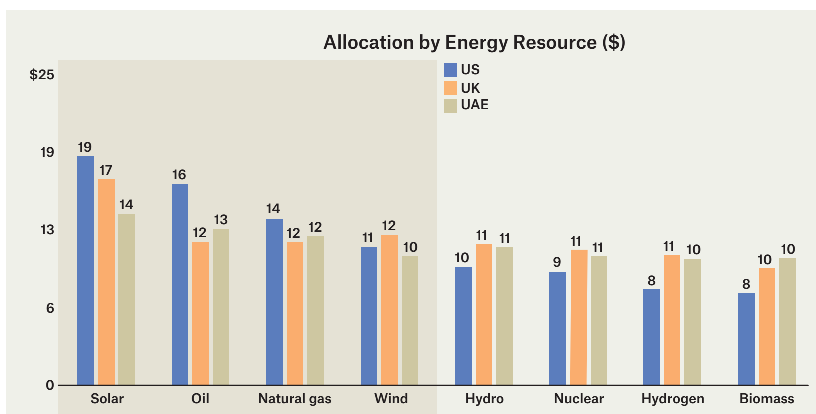
TAKEAWAYS FOR BUSINESSES

The implication is not the abandonment of the transition, but its reframing. What once seemed like a binary choice—clean versus conventional—is now being recast as an additive process: "and," not "or."

Companies now have a clearer sense of their

INVESTORS: "ALL OF THE ABOVE"

We asked investors where they would put $100 for the best energy returns over the next decade.



INVESTORS SEE VALUE IN FOSSIL FUELS

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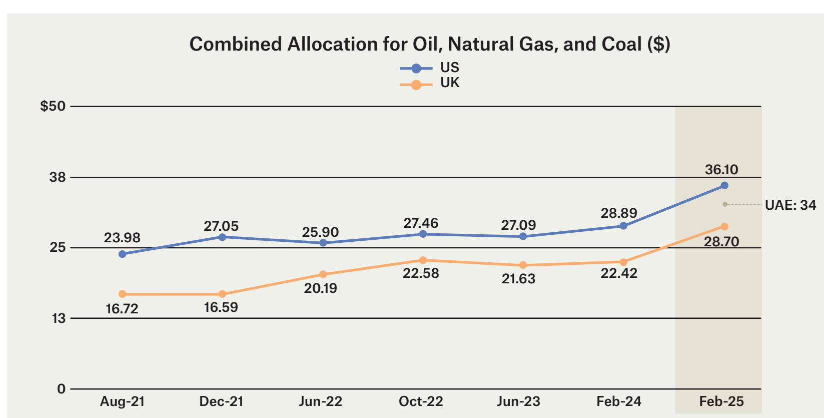
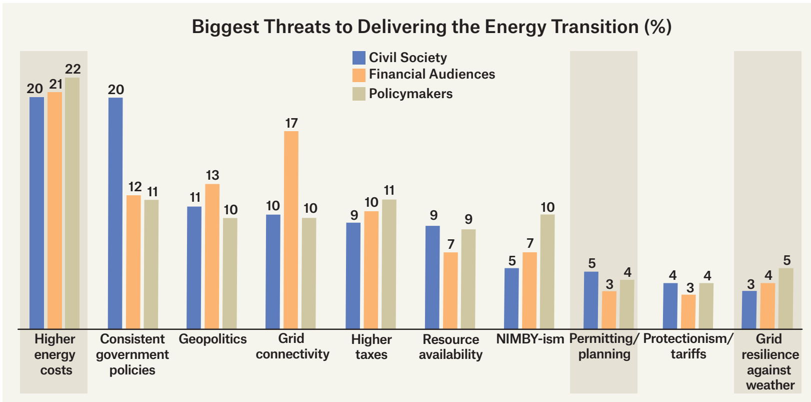


CHARTS: MARK TYNER

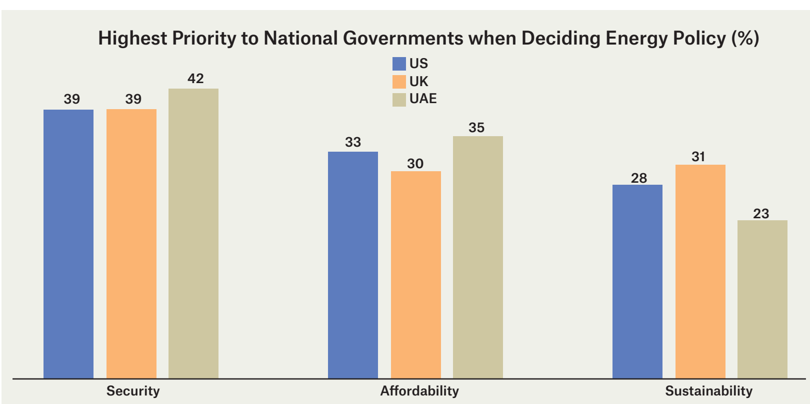
COST: THE BIGGEST TRANSITION THREAT

Policymakers believe higher energy costs are more likely to derail the energy transition than geopolitics, higher taxes or consistent government policies.



DECIDING ENERGY POLICY

Asked which should be the highest priority to national governments, sustainability came last.



SOURCE FOR ALL CHARTS: BRUNSWICK INSIGHT

exposure to both energy access and energy cost. They know that they can only be as green as the grid allows, and that outsourcing energy supply may not be the most resilient or cost-effective approach.

So, more companies are exploring direct procurement, on-site generation, or partnerships with developers. For many, securing reliable and affordable energy presently trumps low-carbon—even if the long-run, social pressure is for ever-smaller carbon footprints.

Some companies may welcome the easing of public and political pressure around decarbonization, but expectations haven't gone away—especially as the economic and human costs of climate change become harder to ignore.

Still, a more pragmatic tone is taking hold: one that allows for operational flexibility without abandoning climate ambition.

Many companies are already thinking beyond the Chief Sustainability Officer model. The next wave may see the rise of the Chief Energy Officer—someone tasked with navigating the intersection of policy, markets, technology and long-term risk.

Informed audiences are beginning to grasp the awesome complexity and installed capital in the energy system. This suggests that now is the time to move on from the great "energy confusion" of recent years.

As the age of energy realism takes hold, the task is no longer simply to imagine a cleaner future, but to navigate the hard yards needed to get there. ◆

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PERCENT

"**Promoting economic growth,** even if it might mean a continued use of fossil fuels and a slower reduction in carbon emissions."

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WHAT'S MORE IMPORTANT?

A MAJORITY OF RESPONDENTS PRIORITIZED ECONOMIC GROWTH OVER LONG-TERM CLIMATE AMBITIONS.

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PERCENT

"**Reducing carbon emissions,** even if it might mean more expensive energy and higher taxes."