

Funding the Future

Article URL

Published: January 12, 2026, 5:54 pm

There is an [article in the FT](#) this morning that suggests something that should be obvious, but needs saying. And that is that renewable energy is now bringing deflation into the energy market.

The article is by Mark Lewis, who is chief sustainability strategist at BNP Paribas Asset Management. As he puts it:

With the US poised to rejoin the Paris Agreement under the incoming Biden administration and the proliferation of net-zero commitments from various governments, the romance between equity markets and renewable-energy goes from strength to strength.

But in all the excitement about the future of renewables, a bigger truth is being overlooked: the underlying reason for the astonishing transformation of renewables over the past decade from niche to mainstream competing head-to-head with fossil fuels is economic rather than environmental.

And as he adds:

Wind and solar are intrinsically deflationary, whereas fossil fuels are intrinsically inflationary. This has huge implications for the distribution of value across the global energy system over the next three decades.

Why is this? Firstly, because all the easy fossil fuels have already been extracted. The marginal cost of their extraction is now, inevitably rising. And second, once the infrastructure is in place for renewables, the cost of which is steadily falling, the marginal costs of production are tiny. So, inevitably, the trajectory of renewable costs is downward.

The change should, then, be hard baked in.

So, in that case, why nuclear? I wish I could answer that.

Of course it's neither extractive or renewable. But let's assume extractive are dying (as seems obvious) and renewable is for real, and with enhanced storage capacity it will

become the bedrock of future power, what is the reason for the risk of putting another nuclear reactor on the Suffolk coast where the chance that it will be flooded within the foreseeable future is high? I wish I knew.

We now have the option of viable energy to sustain the transition we need. More investment in it only increases its appeal. And yet still we stick with the harmful solutions. I have never got this. I never will.