Global Energy Industry at a Crossroads of Challenges and Opportunities, S&P Global Report Says

- ***Energy Transition Facing Challenges**: Governments are prioritizing affordable energy and economic growth over sustainability. Energy transition will be multidimensional unfolding differently in different parts of the world, at different rates, with different mixes of fuels and technologies. Achieving net-zero emissions by 2050 is now deemed unlikely.*
- ***Technological and Market Shifts Underway**: New observation technologies reveal higher methane emissions than previously reported, and there is growing interest in nuclear energy for decarbonization. Integrating AI could transform energy supply chains and help address climate change.*
- ***Political, Economic and Strategic Implications**: Western economies face challenges in reducing dependence onChina for clean technology supply chains, requiring significant investments in local manufacturing. Despite the financial risks of climate change, only 35% of major companies have climate adaptation plans.*

NEW YORK, March 6, 2025 /PRNewswire/ -- S&P Global (NYSE: SPGI), today announced "Look Forward: Energy at the Crossroads," the latest edition of its Look Forward research series, reports that take a deep dive into the most important topics that are transforming the global economy.

"Look Forward: Energy at the Crossroads" assesses the state of the energy transition and the pragmatic path forward as global energy leaders prepare to convene in Houston, Texas for CERAWeek by S&P Global.

The research draws together insights from across S&P Global to explore the direction of global energy markets and climate change, the progress being made by the oil and gas industry to measure and mitigate methane emissions, the reasons for a global resurgence in nuclear power, how to assess climate risks, and the potential impact of AI on optimization and innovation across energy value chains.

Key findings include:

- Governments are reevaluating their energy strategies and climate policies, focusing on affordable energy over sustainability. The transition will be multidimensional, rather than linear.
- Slower energy demand growth is anticipated, with electricity becoming central to future energy systems. Achieving net-zero emissions by 2050 is now deemed unlikely.
- Western economies face challenges in reducing dependence on China for clean technology, requiring significant investment and planning to develop local manufacturing.
- New observation technologies are providing more accurate, actionable data on methane emissions, revealing higher emissions levels than previously reported.
- There is a growing interest in nuclear energy as a solution for decarbonization, driven by the need for firm power and the increasing demand for electricity from AI-related technologies.
- Indexes can help market participants navigate the energy transition, with companies in the S&P 500 having decarbonized by 62% over the past 20 years.

- Despite the potential financial implications of climate change, estimated to reach $25 trillion by 2050, only 35% of major companies have established climate adaptation plans.

- Integrating AI into operational efficiency, decision-making and innovation could transform how energy is produced and distributed.

Atul Arya, Chief Energy Strategist at S&P Global Commodity Insights, says: "Today's energy transition is fundamentally distinct from its predecessors, as it is meant to be transformative rather than an energy addition. Its scale and associated challenges mean it will not proceed as many expect; it will be multidimensional, proceeding at different rates with different technologies in regions with different priorities. This reflects the complexities of the energy system that is the foundation of today's global economy and the ubiquity of fossil fuels as the building blocks of modern society. The importance of balancing economic growth, energy security, energy access and sustainability underscores the need to rethink the transition and redefine a pragmatic path forward."

Read the full report here.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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