

2025 Year-end SRI Update

Update on Alternative Energy - All is not Lost

Recent headlines may give the impression that the clean-energy transition is losing momentum. For example:

The U.S. federal landscape has shifted. The Trump administration has eliminated federal tax credits for wind and solar production, ended the EV tax credit, repealed incentives for charging infrastructure, canceled roughly \$22 billion in clean-energy projects, and prioritized fossil fuels over renewable alternatives.

The European Union has adjusted its pace. The EU has stepped back from its previously aggressive timeline for phasing out internal-combustion engines, now requiring a 90% reduction in tailpipe emissions by 2035 instead of a full phaseout.

Automakers face strategic and financial headwinds. Volkswagen is closing its assembly plant in Dresden, Germany—its first German plant closure in 88 years—where it produced the electric ID.3.

U.S. automakers are recalibrating. Ford has announced a \$19.5 billion charge against earnings, ended production of the F-150 Lightning, and scaled back electric-vehicle targets, citing the need to provide consumers with more choice.

Despite these developments, it would be a mistake to assume the green-energy transition is over.

In reality, several powerful forces continue to drive progress:

Market economics remain firmly in favor of clean energy. Costs for renewable power continue to fall, and investment keeps rising. Each year, the world adds more renewable-energy capacity than fossil-fuel capacity, with billions of dollars flowing into clean-energy installations and battery storage.

Solar power is surging. Solar has become the fastest-growing energy source globally, with output rising 27% last year alone.

Coal consumption has reached a turning point. According to the International Energy Agency's latest annual report (released December 16), global coal use appears to have peaked and is beginning to decline. This is a critical milestone, given coal's status as the highest-emitting fossil fuel.

Global momentum remains strong. While the U.S. has stepped back from certain clean-energy initiatives, many other nations are moving forward. The World Economic Forum reports that nearly two-thirds of countries improved their clean-energy performance this year, and overall transition momentum has doubled compared to recent years.

It's not just about the Federal government. States, municipalities, and corporations continue to pursue decarbonization goals, independent of shifting federal policies.

Just as in investing, it is important to maintain a long-term perspective. The path toward green-energy adoption will remain uneven—particularly in the United States—but the core drivers

of the transition are still very much intact. The shift toward cleaner, more sustainable energy is not ending; it is evolving.

Wishing all of you a happy and healthy New Year.

The Bond&Devick Team