

Time for us to feel smug

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At *Exponential Investor* our stock-in trade is predicting the long-term future.

I don't care about short-term price movements. I don't care about the latest-and-greatest gizmo. What I care about is what the global economy is going to be doing in 20, 30 or 40 years' time – and that's driven by long-term trends, chiefly in science and technology. Making judgement calls that far out is difficult – and I'm sure I'm going to be wrong a lot. Nevertheless, I like to think that there's considerably more logic and depth of thinking to how I approach this, than there is with most pundits.

Here's how it works: I start with the basic principles – and then follow them through to their logical conclusion, in the economy.

Last week, a slew of astonishing news stories showed the value of this method. You may remember we've been calling diesel as our "Big Short". To me, it's plain to see that a fuel which is causing so many deaths from air pollution was always going to have a limited life – certainly in urban areas.

Now, I'm not suggesting for a minute that long-distance ocean-going ships are going to ditch diesel tomorrow – although alternative fuels, such as hydrogen, and DME, are likely in the longer term. What I am saying is that diesel's days are numbered, as a road transport fuel in urban areas. You almost certainly won't be driving to work in a diesel car in a generation's time – and that's going to hit the entire supply chain, from the well to the pump (and the repair garage, too).

As a society, we've had a reason to run away from diesel for a long time – but we've not had anything to run towards, until now. Finally, the enabling technologies are in place, which will help us lay diesel to rest. Not only have we got some excellent electric cars for general and commuter use, such as Tesla's new Model 3 – but we're also looking at a future where we could have some awesome new fuel chemical fuel choices, too. These include direct generation of hydrogen from sunlight; or the use of electrolysis to take surplus electricity from the grid, and turn it into useful chemical fuels. This means that long-haul vehicles can ultimately move away from diesel, and towards a renewable-energy future.

Diesel is now on the wrong side of history as an economically-viable technology. Plus, the government has got two great reasons to give it a solid kicking: air pollution, and climate. Last week we saw a momentous policy change, as the government announced a measure so bold it shocked even me. Despite the fact I've been calling the forthcoming death of diesel for some time, it did not even cross my mind that the government would ban diesel cars completely. Not only has it exceeded my expectations – it's also announced the petrol cars will be banned, too.

In less than a generation's time, you simply won't be able to buy new conventionally-powered cars (U-turns notwithstanding). Now, this is certainly a ringing endorsement of our predictions of diesel's demise. However, the policy itself isn't necessarily that big a deal. The government wouldn't announce such a bold move, if it appeared difficult to deliver. What we're seeing now is the government riding on the tsunami of history. It's ultimately trying to take credit for something which is almost certainly already going to happen anyway.

As we predicted before in *Exponential Investor*: not only will we see an abundance of shockingly cheap renewable energy (which will make drilling for oil seem utterly foolish), but we are also seeing a fundamental change in the way that we buy and use vehicles. Just as various forms of finance have now largely displaced cash purchases for new vehicles, the next 20 years will see the widespread Uberisation of transport. Certainly, once driverless cars become commonplace (roughly a decade, at a guess) there will be no real reason for anyone to own a car. It will be vastly cheaper to take taxis than to own a car. Vehicle ownership is going to seem as alien to our grandchildren as cassette tapes do to our kids.

But that's not all – and the energy revolution has a double whammy this week.

There was an additional government announcement, which got rather less media attention. This was an equally important revolution – this time in the way that the electricity market works. At present, when you flick a switch, it's down to the electricity company to work out how to meet demand. That's fine, if every uses coal-fired power stations – but we don't anymore (thankfully). Now, as we move to a renewables-dominated economy, we need to be a lot smarter about our energy. Renewables aren't "dispatchable" – meaning you can't control when they're available. This means, for example, having a washing machine that turns itself on (and off) according to how much power is available on the grid. It's the same logic that will allow householders who own batteries to buy and sell energy to the grid.

Grand plans, such as these, don't always come speedily to fruition – and that's why the government's recent announcement is so important. The energy industry is going to be shaken up – so that demand management technologies, and home electricity

storage, can be adequately rewarded. This will ensure we're all incentivised to move smoothly to the new renewables economy.

So, the government isn't really forcing these changes – rather, it's planning on riding a wave that's already approaching. Nevertheless, both these moves are welcome news. But what's more important to you is how you can gain from them. Fortunately we've identified something which will help you profit directly from the new energy economy. It's called "white diesel", and you can [read about it here](#).

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Best,

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