In a new UBS report, *The Decade Ahead*, senior market and industry experts analyze the 12 major trends that will impact investors over the next 10 years. Below is a summary on one of those trends—oil’s share of energy consumption slips.

**Trend 8:**
**Oil’s share of energy consumption slips**

How could oil’s relative share of energy production possibly decrease when emerging markets are fueling world demand and oil companies are spending unheard-of sums to extract crude from difficult-to-drill locations?

And yet, that’s the scenario that David Lefkowitz, WMR analyst, envisions by the end of the decade: “The price divergences between oil and other energy sources are unsustainable. Already they’re unleashing substantial intellectual and financial resources intent on taking advantage of today’s cheaper energy sources.”

The cheaper sources to which he refers are natural gas and electricity. Natural gas prices have declined over the past few years as a result of new drilling and distribution techniques. Electricity prices have followed suit because natural gas-fired power plants generate 20% of U.S. electricity.

Solar power is becoming a more viable energy alternative. With costs declining and expected to fall further, solar could be the least costly power generation source by decade’s end.

Further evidence that alternative energy sources will enter the mainstream comes from a few sources, primarily:

- Global governments that are trying to achieve energy security in the face of heightened resource competition. Reducing dependence on imports is becoming a major priority.
- Environmentalists who will play a major role in commercializing green technology by pressuring government and private industry.

So while oil prices are on the rise and show no signs of reversing themselves, they may be in for a rude shock as clean energy sources advance and green technology becomes more cost-competitive.

**You may want to begin thinking about diversifying your energy company exposure to reflect these emerging energy sectors.**