

# PRIVATE EQUITY CLIMATE RISKS

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## New PECR report exposes private equity's role in advancing "false solutions" to the climate crisis

A [new report](#) from the [Private Equity Climate Risks \(PECR\) project](#) reveals how private equity firms invest in "false solutions" to climate change, rather than true decarbonization efforts. The report, titled "A Look at Private Equity Transition Funds: Energy Innovation or Greenwashing?", details how these investments often serve to prolong the use of fossil fuels and create confusion for investors seeking genuine climate action.

"This report sheds light on the concerning trend of private equity investing in 'false solutions' that give the appearance of climate action, while often perpetuating reliance on fossil fuels," **said Nichole Heil, author of the report, and the Senior Research & Campaign Coordinator, Climate at PESP.** "It's crucial for investors to scrutinize these investments and ensure they are truly contributing to a just and sustainable energy transition."

"Innovation in the energy sector is critical to reach clean energy transition goals, but innovative ideas must be proven effective before they are celebrated," **said Alex Hurley, Project Manager at Global Energy Monitor.** "To laud the values of a new technology without demonstrable proof is at best misguided, and at worst misleading."

"The private equity industry is greenwashing its way through the climate crisis, financing false solutions that, at best, only encourage continued use of dirty fossil fuels and, at worst, cause real harm to workers and the places they live," **said Dustin Duong, research associate at Americans for Financial Reform Education Fund.** "Communities across the world suffer – workers' pensions are exposed to climate risk, and residents face the harms of intensifying climate change."

### Key Findings of the Report:

- **Definition of "False Solutions":** The report defines "false solutions" as technologies that are not cost-effective or scalable, those supported by the fossil fuel industry to

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maintain its operations, and market-based solutions with limited oversight and accountability.

- **Six "False Solution" Industries:** The report specifically examines private equity investments in six industries identified as "false solutions": Carbon Capture Technologies, Carbon Trading, Gas Certification, Hydrogen (particularly blue hydrogen), Biomass, and Renewable Natural Gas.
- **Private Equity's Role:** Private equity firms are increasingly fundraising energy transition funds that may include these "false solutions," creating an opaque understanding of how effective these funds are at reaching climate goals. The report highlights that the long-term nature of these investments means that pensioners' retirement savings could be tied to ineffective strategies until 2035.
- **Case Studies:** The report includes case studies demonstrating how investments in these industries can result in negative environmental and social impacts, and may not lead to genuine emissions reductions. For example, the report cites instances where certified natural gas comes with increased costs to consumers despite limited effectiveness, and explains how carbon trading schemes often lack genuine carbon reductions.
- **Impact on Climate Crisis:** Climate-related disasters, including fires, tornadoes, and hurricanes, continue to escalate, causing billions in damages and hundreds of deaths. This has led to increased calls for a transition to a low-carbon economy, but the report warns that "false solutions" impede the progress of this transition.
- **Lack of Transparency:** The report underscores the lack of clear commitments from the private equity industry to disclose investments in "false solutions" and to provide transparent reporting on emissions reduction progress. This lack of transparency makes it difficult to determine whether funds are genuinely supporting energy transition or simply continuing to prop up fossil fuels.

The report calls for greater transparency and accountability in private equity's energy transition investments and provides a series of questions for investors to ask when evaluating potential investment opportunities.

View the full report [here](#).

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**About the Private Equity Climate Risks project**

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The Private Equity Climate Risks project investigates the role of the private equity industry in the climate crisis.

**The Private Equity Climate Risks consortium includes:**

***Private Equity Stakeholder Project***

[Private Equity Stakeholder Project](#) (PESP) is a nonprofit organization with a mission to identify, engage, and connect stakeholders affected by private equity with the goal of engaging investors and empowering communities, working families, and others impacted by private equity investments. Follow PESP at [pestakeholder.org](https://pestakeholder.org) and on X @PEstakeholder.

***Americans for Financial Reform Education Fund***

[Americans for Financial Reform Education Fund](#) (AFREF) is a nonpartisan, nonprofit coalition of more than 200 civil rights, community-based, consumer, labor, business, investor, faith-based and civic groups, along with individual experts. AFREF fights to eliminate inequity and systemic racism in the financial system in service of a just and sustainable economy. Follow AFREF at [ourfinancialsecurity.org](https://ourfinancialsecurity.org) and on X @RealBankReform.

***Global Energy Monitor***

[Global Energy Monitor](#) (GEM) develops and shares information in support of the worldwide movement for clean energy. By studying the evolving international energy landscape, creating databases, reports, and interactive tools that enhance understanding, GEM seeks to build an open guide to the world's energy system. Users of GEM's data and reports include the International Energy Agency, United Nations Environment Programme, the World Bank, and the Bloomberg Global Coal Countdown. Follow GEM at [globalenergymonitor.org](https://globalenergymonitor.org) and on X @GlobalEnergyMon.