Carbon Capture Stocks: Investing in a Growing Industry

Investing in Carbon Capture Stocks is a way to diversify your portfolio and investing in future technologies. Taking into consideration that many carbon capture companies are young, the pricing is affordable, yet often volatile. With the European renewable energy efforts, the US Renewable Portfolio Standard, and global net-zero goals, carbon capture is a growing industry that will see increasing adoption across the world.

Source: Unsplash

What is Carbon Capture?

Carbon capture is a technology that sequesters carbon from the atmosphere and either stores it permanently underground or uses it in other industries. Agricultural, chemical, and even architectural solutions use carbon dioxide as a raw material and isolate it from the atmosphere. Although very young, the carbon capture market has seen the rise of 21 large-scale carbon capture projects and hundreds more in the pipeline. Top carbon capture and storage companies include:

1. CarbFix,
2. Climeworks,
3. NetPower,
4. CarbonEngineering, and
5. Global Thermostat.

Carbon Capture Stocks

The business of capturing CO_2 is set to skyrocket in the upcoming decades. Many applications, government subsidies, and global demand for carbon credits are the driving forces for the industry. However, not every carbon capture company is publicly available. Here are some carbon capture stocks that you can purchase today:

Aker Carbon Capture (ACC.OL)

Aket, a Norwegian carbon capture company, is publicly available. This is a pure carbon capture company that focuses on the entire process: from carbon capture and temporary storage to transportation, utilization, and permanent storage. The company has been in the business for over 20 years. Although the ACC.OL stock is somewhat volatile, the efforts of the Norwegian government to limit climate change make the future of Aker Carbon Capture more stable.

EQUINOR (EQNR)

The second-largest European producer of natural gas has a lot of equity at its disposal. Equinor has entered the carbon capture market and has so far expanded to 30 countries. This stock can be seen as a better bet for value investors, especially in the long run. The EQNR stock also pays a dividend, although, at 1.84%, it is hardly the most attractive one. Low dividend yield, on the other hand, can mean the company is reinvesting more into growth.

Delta CleanTech (DELT)

Delta CleanTech is one of the oldest publicly traded carbon capture companies. Established in the 2000s, it deals with source-capture of CO_2, utilization, hydrogen production, and ethanol purification. This Canadian company is developing sales through international efforts - they are about to open offices in London, Beijing, Sydney, and Houston. Their long time in the market, risk diversification through many means of utilizing the captured CO_2, and its 15-year long international CO_2 capture projects make it a mature option in a relatively new industry.

Other Carbon Capture Stocks

Besides these three, there are many more publicly traded carbon capture companies. Most are headquartered in Canada, US, and UK. Some other publicly traded carbon capture companies include:

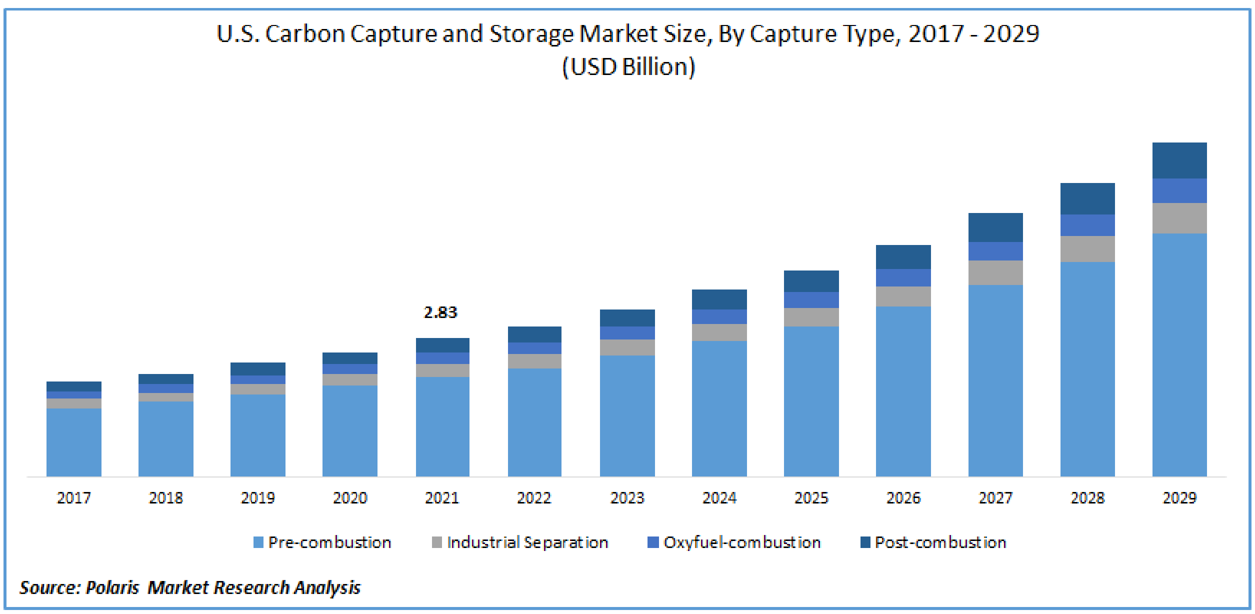
- Pond Technologies HoldingsA(POND)
- Advantage Energy (AAV)
- Schlumberger (SLB)
- Occidental (OXY)

Why Invest in Carbon Capture Stocks?

Being skeptical about investing in carbon capture stocks is reasonable: storing anything underground is not a good business model. Furthermore, carbon capture companies rely on heavy subsidies and exist in a political climate that does not offer a lot of sympathies. However, as the carbon credit market expands, so will the carbon capture market.

The Future of Carbon Capture Companies and Stocks

Currently, captured CO_2 is used in synthetic fuel generation, algae farms (for biofuel and kerosene production), greenhouses, and for enhanced oil recovery. Moreover, sand and gravel made from CO_2 have the potential to decarbonize concrete production, one of the largest CO_2 emitters. Some companies even sell their CO_2 to Coca-Cola. The market is there and is expected to grow to USD 4 Trillion by 2050.



Source: Polaris

As international pressure to reduce or offset CO_2 emissions is growing, a new field of symbiotic cooperation among companies is being born. Source-capture or point-of-emissions capture is a particularly attractive field that allows large quantities of CO_2 to be captured from power plants and heating plants. This effectively reduces their emissions, brings in extra income, and offers readily available raw material for CCS companies.

Final Considerations

Although still in early development, the carbon capture and storage (CCS) or carbon capture and Utilization (CCU) market is quickly modernizing. The entry of large players into the field (Exxon Mobil, Chevron, Shell) means that the interest in decarbonizing carbon-heavy industries exists. As a result, carbon capture stocks are projected to grow, especially as the market matures towards the mid-century and energy transition becomes a reality.