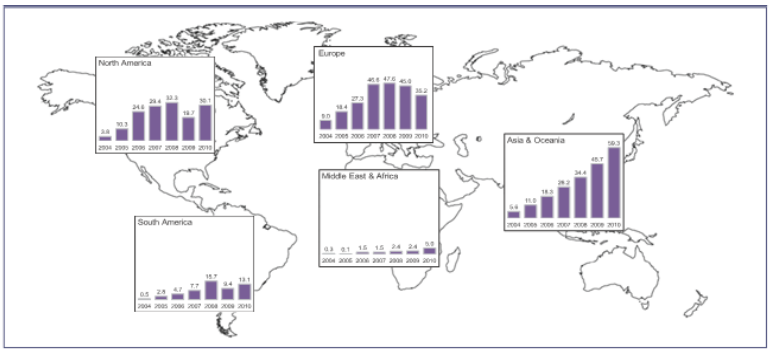
Global investments in renewables

September 2011

Global investment in renewable energy increased in 2010, to a record $211 billion mainly due to wind farms in China and small-scale solar PV installation on rooftops in Europe, especially Germany. The two areas that decreased in 2010 compared to 2009 was corporate research, development and deployment and provision of expansion capital for renewable energy companies by private equity funds.

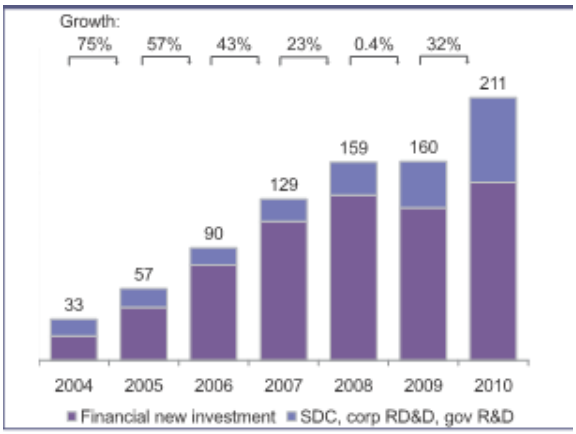


New investment volume adjusts for re-invested equity. Total values include estimates for undisclosed deals. This comparison does not include small-scale projects.

Source: Bloomberg New Energy Finance, UNEP

Figure 1: New Investments in renewables per region 2004-2010 $ BN

Wind continued to dominate but are even more dominant in 2010, 70% of all asset finance worldwide. According to Bloomberg (2011), wind plants in the best locations has now a levelised cost of $65/MW compared to $68/MW for new coal plants. In the future coal risks increased CO2 taxes. The biggest challenge for renewables in 2010 was gas generation plants with gas prices as low as $5/MMBTu.



SDC = small distributed capacity. New investment volume adjusts for re-invested equity. Total values include estimates for undisclosed deals

Source: Bloomberg New Energy Financ

Figure 2: Global new investments in renewable energy 2004-2010

New investment volume adjusts for re-invested equity. Total values include estimates for undisclosed deals

Source: Bloomberg New Energy Finance, UNEP

Figure 3: New investment volumes of Renewables

The European market saw a lot of turbulence in 2010 due to the financial crises and the turmoil created by the sovereign debt crisis in many countries (Iceland, Ireland, Greece, Portugal and speculations connected to Italy). Several initial public offering (IPOs) were put on hold or shelved. A decline of 22% to $ 35.2 in financial new investment in renewable energy in 2010 was experienced. This was however made up by a surge in small-scale project installation, predominantly rooftop solar mainly in Germany, Italy, France and the Czech Republic. These increases were mainly due to feed-in tariff subsidies combined with a sharp fall in the cost of PV modules. By the end of 2010, many countries were rushing to make their PV tariffs less generous. But the small-scale solar market is likely to stay strong in 2011 according to Bloomberg.

Wind turbine prices have fallen 18% since 2009, mainly due to increased competition. The biggest fall in prices is solar PVs. Over the last three years the prices of PV modules per MW has fallen by 60% since the summer of 2008 (Bloomberg 2011) bringing the cost of solar energy on a competitive level of retail price of energy in sunny countries. Further price decreases are expected for renewable technologies and increased competitiveness with fossil fuel generated electricity is expected.