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<http://www.climatespectator.com.au/commentary/americas-big-clean-streak>

America's big clean streak

There were two things about the investment figures for clean energy in the third quarter of 2011 that will have surprised many observers. One was that, against a backdrop of plunging stock prices, Q3 saw more money invested in utility-scale renewable energy projects than any previous quarter.

The latest figures from *Bloomberg New Energy Finance* show that asset finance of wind farms, solar parks and other renewable energy projects reached \$US41.8 billion in the third quarter, up 9 per cent on the previous three months and 16 per cent above the level of the same quarter in 2010.

The second surprise was that the star geographical performer of Q3 was not Europe – the habitual frontrunner in much of the last decade – or even China, which has dominated more recently. It was the US, a country often seen as a laggard, or even a reluctant participant, in the move to a low-carbon energy future.

Taking financial new investment as a whole (this includes public market and venture capital and private equity funding, as well as asset finance), the US was the dominant country worldwide in Q3, accounting for \$US16.9 billion, up 37 per cent on Q2 and a remarkable 156 per cent on the third quarter of 2010.

Uncle Sam held a clear lead over China, in second place with \$US13 billion in Q3, and over Europe, in third with \$US9.3 billion. Europe's investment was 4 per cent down on the same quarter a year ago, despite the financial go-ahead for three large offshore wind projects in the North Sea, while Chinese investment was up 9 per cent compared to Q3 2010.

America's strong showing certainly did not reflect investor exuberance. US clean energy shares fell along with others in Q3 – overall the WilderHill New Energy Global Innovation Index, or NEX, which tracks 95 stocks worldwide, fell 35 per cent between the beginning of July and end of September, one of its worst quarterly performances ever.

Rhetoric in Washington and on the US Presidential election stump was not particularly friendly to clean energy either, following the failure of government-backed solar manufacturer Solyndra in

September. Investors remain concerned that Congress will allow key US support programmes for clean energy to expire at the end of this year, and not be renewed.

This was in fact one of the reasons for the strong US performance in Q3. Developers and investors rushed to finance their projects to make sure they get built before the Treasury grant scheme for wind and solar ends in December – and the Obama administration moved to complete loan guarantee work ahead of the expiry of that programme at the end of last month.

Among the heavyweight US projects getting finance in Q3 were the 250MW High Plains Ranch II and III portfolio of PV installations, the 250MW Genesis Blythe solar thermal electricity generation plant phases one and two, and Ormat's 60MW geothermal portfolio in Nevada. The biggest onshore wind farm in the US to get the financial go-ahead in Q3 was the Granite Reliable project, at 99MW. Those four projects each took investment ranging from \$US275 million up to \$US1.6 billion.

Will 2011 be a record year for total investment in clean energy worldwide? It will have to do well to beat 2010's \$US243 billion, itself some 30 per cent up from the previous year.

Bloomberg New Energy Finance will be crunching its numbers on 2011 investment just after New Year. Given that the fourth quarter of each year tends to be a strong one, there is a chance that 2011 will run 2010 close, or even beat it. But much will depend on how the October-to-December period turns out for important sectors such as small-scale PV in Germany and onshore wind in China. There may well be an impact on investment in Q4 from the European sovereign debt crisis and financial market turbulence that have both worsened since August.

On the stock market last week, the NEX continued with its tentative rally from eight-year lows recorded on October 4. The clean energy index rose from 134.57 at the close on October 7 to 141.94 late in the trading session on Thursday October 13.