

Excerpt from Renewable Energy World, March 29, 2011

<http://www.renewableenergyworld.com/rea/blog/post/2011/03/is-the-renewable-merger-glass-half-empty-or-half-full>

Clean Energy M&A: Is the Glass Half-Empty or Half-Full?

Some reporters are calling the latest PwC Renewables Report a sign of a “renewables frenzy,” in that the number of merger deals in the space climbed to 530 last year, [from just 319 in 2009](#).

But is it?

The total value of all deals in the space, according to the same report, actually fell sharply, to \$33.4 billion from \$48.8 billion. Major indexes like the [Wilderhill New Energy Index](#) and the [PowerShares Global Clean Energy ETF](#) both fell in value last year, even while the average stock was rising in value.

There are many reasons for doing a deal. Growth is one, scale is one, fear of failure another. And lumping co-generation, biomass, wind, solar, and hydro deals into one pot called “renewables” is a big mistake, in my view, because each of these sectors faces its own challenges and has its own outlook.

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Fact is, renewable energy is a whole collection of sectors, each with its own dynamic, each at a different stage of its market development. Wind turbines, for instance, are clearly understood, not highly subject to disruptive entrants (someone who can double the wind's output), and so fairly mature. Solar energy is much less so. There are a whole related set of industries – materials and tools and sales channels – that is each unique unto itself.

[The PwC report](#), and the way it was released (sent via email to clients with no press release posted on the company Web site as of this morning), seems designed to feed the hype. “Deals up 66%,” “confidence returns” and “strong year” are the words I'm reading in the headlines.

But is that the reality? Personally, I don't see this as an M&A business right now. I see a lot of opportunity for financing, I see a lot of new investments in untried technology, I see a lot of contracts connecting projects to the grid, most of them based on some sort of guarantee.

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