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CLEAN ENERGY INVESTMENT STORMS TO NEW RECORD IN 2010

New investment in clean energy reached $243bn last year, driven by soaring activity in China, offshore wind and European rooftop photovoltaics

London and New York – New investment in clean energy smashed through previous levels to reach $243bn in 2010, according to the latest figures from research company Bloomberg New Energy Finance. This is up 30% from a revised figure of $186.5bn in 2009, and makes 2010 easily the strongest year so far for investment in clean energy – double the figure recorded in 2006 and nearly five times that from 2004.

The authoritative Bloomberg New Energy Finance time series shows total investment growing from $51.7bn in 2004, to $76.3bn in 2005, $112.9bn in 2006, $150.8bn in 2007, $180.1bn in 2008 and $186.5bn in 2009[1]. The main drivers of the rapid growth in investment in 2010 were China, European offshore wind, European rooftop solar and research & development.

- Investment in small-scale, distributed generation projects surged by 91% last year to $59.6bn, with the dominant element rooftop and other small-scale solar projects, notably in Germany but also in the US, the Czech Republic, Italy and elsewhere.
- Investment in China was up 30% to $51.1bn in 2010, by far the largest figure for any country. In 2009 Asia and Oceania overtook the Americas, and in 2010 it narrowed the gap further on Europe, Middle East and Africa as the leading region of the world for clean energy investment.
- Offshore wind finance had another good year in 2010, led by a $1.7bn package to fund the next, 295MW phases of the Thornton Bank offshore wind farm off the coast of Belgium, and a $1bn deal to finance the Borkum West II project in German waters.
- Research and development spending on clean energy technologies by companies and governments grew to a record level in 2010, according to Bloomberg New Energy Finance data. Within this, the main constituent was government R&D, which reached $21bn, up from $15.8bn

[1] Figures may differ slightly from those previously published due to a revised methodology which takes better account of balance of plant costs for distributed generation capacity. Figures include investment in renewable energy, biofuels, energy efficiency, smart grid and other energy technologies, carbon capture and storage and infrastructure investments targeted purely at integrating clean energy. Investment in solar hot water, combined heat and power, renewable heat and nuclear are excluded, as are the proceeds of mergers and acquisitions (which do not contribute to new investment).

in 2009, while corporate R&D recovered from 2009's recession-hit figure of $12.8bn, to reach $14.4bn, giving a total for global clean energy R&D of $35.5bn.

- Venture capital and private equity investment had a strong year, up 28% from the 2009 total to reach $8.8bn, though failing to match 2008's record figure of $11.8bn. Among the private equity deals of 2010 were a $400m financing for US wind project developer Pattern Energy Group, and $350m for Better Place, the US-based electric vehicle charging network specialist.
- Public market investment bounced back from its recession-driven lows in 2008 and 2009, up 18% to $17.4bn in 2010. This was not a record figure - it fell short of the $24.6bn clean energy companies raised on stock markets in 2007. Among the biggest deals in this category in 2010 were the $3.5bn initial public offering in November by Enel Green Power of Italy, and the $1.1bn flotation by Chinese wind turbine maker Xinjiang Goldwind Science & Technology in Hong Kong in October. It is notable that this transaction level took place despite the lacklustre performance of clean energy shares during 2010, with the NEX index dropping 14.6% and underperforming the S&P 500 by more than 20% over the year.
- The largest investment asset class in 2010 was, as usual, asset finance of utility-scale projects such as wind farms, solar parks and biofuel plants. This rose 19% to $127.8bn last year.

In terms of sector, the most notable feature of 2010 was the 49% growth in investment in solar power to $89.3bn, driven largely by distributed generation projects in Europe, where investment grew 91% last year to $59.6bn as already noted. Bloomberg New Energy Finance estimates that 86% of investment in small-scale solar took place in markets where feed-In tariffs have been introduced.

Overall investment in wind gained 31% to reach $96bn. It is notable that 38% of this total was accounted for either by China or by large European offshore wind farms.

Energy-smart technologies such as smart grid, energy management, electric vehicles and power storage also had a strong year, with financing of companies in this sector reaching a record $23.9bn, up 27% on 2009.

In the other sectors, biofuels had almost a flat year, with overall investment down slightly to $7.9bn from $8.1bn in 2009 and far below the record of $20.9bn set in 2006 during the US's corn-based ethanol bubble. Biomass and waste-to-energy was also flat, at $11.6bn, compared with $12bn in 2009.

Michael Liebreich, chief executive of Bloomberg New Energy Finance, said: "This is a spectacular result, beating previous record investment levels by a clear margin of more than $50bn. It flies in the face of scepticism about the clean energy sector among public market investors, who have been concerned about the sustainability of subsidy programmes in Europe, the failure of the Obama administration to deliver a climate or an energy deal, and the crescendo of ill-informed doubts about climate change.

"We have been saying for some time that the world needs to reach a figure of $500bn per annum investment in clean energy if we are to see carbon emissions peak by 2020. What we are seeing in these figures for the first time is that we are half-way there, and it is very good news.

"The figures do contain an important caveat. More than in most years, growth has been in fairly direct response to government intervention, whether in the form of cheap debt in China, sweet off-take deals for European offshore wind, feed-in tariffs for solar or a regulatory push for smart grids. The industry needs to continue to drive down its costs and reduce its reliance on this sort of support.

"2011 will have to be a very strong year to beat 2010. At this stage, the signs are encouraging, with further cost improvements likely in both solar panels and wind turbines, and the supply of private sector debt and equity finance improving from its low point during and after the banking crisis. We are watching what happens to distributed generation particularly keenly – the extraordinary growth surprised us last year, and we will have to wait and see what happens as Germany reduces its solar tariffs," Liebreich said.

A presentation showing further details of Bloomberg New Energy Finance's data for 2010 and previous years will be available on the About Us/Presentations section of the www.newenergyfinance.com website.

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Bloomberg New Energy Finance (BNEF) is the world's leading independent provider of news, data, research and analysis to decision makers in renewable energy, energy-smart technologies, carbon markets, carbon capture and storage, and nuclear power. Bloomberg New Energy Finance has staff of 200, based in London, Washington D.C., New York, Tokyo, Beijing, New Delhi, Singapore, Hong Kong, Sydney, Cape Town, São Paulo and Zurich.

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