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Investors Pour Unprecedented Billions Into Renewable Energy

PARIS, France, June 21, 2007 (ENS) - Investment capital flowing into renewable energies such as wind power climbed from $80 billion in 2005 to a record $100 billion in 2006, according to a new report from the UN Environment Programme, UNEP. The trend analysis cites climate change concerns, increasing government support, and high oil prices as reasons for the boom.

The trend continues in 2007 with experts predicting investments of $85 billion this year. "The renewable energy sector's growth "although still volatile ... is showing no sign of abating," the report states.

While the report finds that high oil prices have driven investors into the renewable energy market, UNEP Executive Director Achim Steiner says many investors are choosing renewables regardless of oil prices.

"One of the new and fundamental messages of this report is that renewable energies are no longer subject to the vagaries of rising and falling oil prices - they are becoming generating systems of choice for increasing numbers of power companies, communities and countries irrespective of the costs of fossil fuels, said UNEP Executive Director Achim Steiner, introducing the report Wednesday.
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The report represents "a strategic tool for understanding the energy sector's development in both OECD and developing countries," says Michael Liebreich, CEO of the New Energy Finance Ltd, which prepared the report for UNEP's Sustainable Energy Finance Initiative based in Paris.

New Energy Finance is a specialist provider of information and research to investors in renewable energy, low-carbon technology and the carbon markets, and co-publishes the NEX, the WilderHill New Energy Global Innovation Index (ticker: NEX).

The report shows the NEX index rose 31 percent during 2006, which was well ahead of the stock market as a whole. "The biofuels sector was the star performer."

The report attributes the sector's boom to a range of global concerns – climate change, increasing energy demand and energy security foremost among them.
It credits as well the November 2006 U.S. mid-term elections, which confirmed renewable energy as "a mainstream issue," moving it up the political agenda.
Also spurring the sector's growth has been the persistently high price of oil – averaging more than $60 a barrel in 2006.

"Growing consumer awareness of renewable energy and energy efficiency – and their longer term potential for cheaper energy, and not just greener energy – has become another fundamental driver," it says.
"Most importantly, governments and politicians are introducing legislation and support mechanisms to enable the sector's development."
Dr. Mohamed El-Ashry knows a thing or two about investment. Currently chairman of the Renewable Energy Global Policy Network REN21, a forum for international leadership on renewable energy, he served as chairman of the Global Environment Facility, GEF between 1991 and 2002.
Under his leadership, the GEF grew from a pilot program with less than 30 members to the largest single source of funding for the global environment with 173 member countries and billions in assets.
"The findings in this report are adding to the mounting evidence that renewable energy is going to play a far greater role in the energy mix than many expected," El-Ashry said.
Geographically, renewable energy investment is almost evenly split between United States and Europe.
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The renewable energy sectors attracting the highest investment levels are wind, solar and biofuels, "reflecting technology maturity, policy incentives and investor appetite," according to the report.

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Most asset financing deals were in the relatively mature wind sector, with biofuels in second place.

Renewables now compete head-on with coal and gas in terms of new installed generating capacity, says the report, adding that "the portion of world energy produced from renewable sources is sure to rise substantially as the tens of billions of new investment dollars bear fruit."