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Offshore wind drives record project finance quarter – BNEF

Investors poured a record \$41.8 billion into utility-scale renewable energy projects in the third quarter of 2011, driven by a surge in offshore wind, according to analysis firm Bloomberg New Energy Finance (BNEF).

Three wind farms in the North Sea were financed during July to September, representing more than 1GW in capacity and \$6.3 billion of investment. One of the largest deals was the \$2.7 billion Global Tech 1 offshore wind farm, off Germany's coast.

Total new investment in clean energy, which also includes equity raised on the public markets, venture capital and private equity, reached \$45.4 billion in the third quarter, 16% higher than in the same period in 2010 and 9% higher than the previous quarter. However, the record quarter is still the last three months of 2010, when new financial investment in clean energy reached \$51.5 billion.

Public market investment dropped 71% year-on-year to \$1.4 billion, also a 61% drop on the second quarter, according to BNEF, as firms struggled to raise money in turbulent markets.

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Clean energy share prices also suffered, with the WilderHill New Energy Global Innovation Index dropping about 35% during the third quarter. It hit its lowest point since 2003 on 4 October and underperformed the stock market "by a wide margin", BNEF said.

But the share price woes, in particular of suppliers of solar and wind equipment, boosted activity in mergers and acquisitions, said Michael Liebreich, chief executive of BNEF. "The acquisitions we are seeing are only partly driven by consolidation. The low valuations for clean energy companies are giving industrial groups and utilities the opportunity to move in on a sector that they know will enjoy growth over the medium to long term."

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