

Electricity Is Becoming Scarcer and More Expensive - But Not Greener

Düsseldorf, xx. September 2021 – Wholesale electricity prices have risen sharply in recent weeks. For example, the average price on the EEX power exchange climbed from around 45 euros in January 2021 to around 80 euros per megawatt hour. "The renewed strong growth in demand for electricity is making itself heard", says Markus W. Voigt, CEO of the aream Group. "And there is no end in sight to the increase."

"Prices are developing as we had expected", says Voigt. In addition, more and more companies want or need to switch to clean energy in order to achieve the climate targets they have set themselves. "Or also to avoid having to keep buying CO₂ certificates, whose prices keep rising", says Voigt. Here, the free-market instrument of certificate trading is playing an increasingly important role in the industry's conversion.

Meanwhile, cities and municipalities are competing with businesses and households for access to green power. "Many have made commitments, pledging to voters or shareholders to be carbon neutral without already having electricity supply contracts in place", Voigt says. "We see a huge demand here that is meeting a rather slow-growing supply." Shortages, especially in "green power", are bound to continue to drive up prices in the months and years ahead.

"But let's not kid ourselves: Electricity has become more expensive in recent months, but not greener", Voigt says. "The additional demand is currently being met primarily from fossil fuel power generation again, given the high barriers for the expansion of renewable energies." In order for the chemical industry, for example, to make the switch to green electricity as an energy source for processes in production, existing capacity would already have to be doubled. "And that's just one industry, albeit an energy-intensive one", Voigt says. To make the entire industry climate-neutral, significantly more investment in renewables is needed.

The fact that the price increase was even faster than expected was also due to the rather weak wind, which curbed power generation by wind farms in Europe in recent months. "As a result, less electricity from renewables was fed into the grids and prices rose", Voigt said. "There is a remedy in sight here when wind conditions return to normal, which is regularly the case over longer periods of time." Renewable power production has peaks and troughs, but diversifying across power generation from wind and solar, along with different locations already balances this out very well. "In addition, the further expansion of infrastructure that allows electricity to be routed from surplus areas to regions where demand is lower will further improve security of supply", Voigt says.

More information: www.arem.de.

About aream

The aream Group is a fully integrated investment and asset manager for institutional investors with a focus on sustainable infrastructure in the renewable energy sector, which includes wind and solar power, grids and storage technology. In this context, aream is represented along the entire value chain from project development to plant operation. With a transaction volume of more than EUR 1.5 billion, the company has been covering the entire spectrum of asset management services for over 15 years and ensures the



commercial and technical optimization of the assets. In addition to classic project investments in clean energy, aream also offers investment opportunities in climate-tech companies: directly or via private equity solutions. aream combines investment expertise with technical and commercial know-how and ensures sustainable performance with stable distributions, returns and value growth through a structured investment and risk management process.

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