

Renewable Energies: Capital Is There - Projects Are Missing

Düsseldorf, November 1st, 2021 – Global warming is advancing, and science is putting on the pressure: Germany's climate and energy policy needs a fresh start. "If not now, when?", asks a group of science academies, naming fields of action for how the energy transition can succeed. What is needed, among other things, are attractive projects to expand renewable energies. "This is exactly where our investments come in, because capital willing to invest is abundantly available", says Markus W. Voigt, CEO of the aream Group.

The scientists from the Leopoldina, the German Academy of Science and Engineering and the Union of the German Academies of Sciences and Humanities address the next German government in an impulse paper. Two of their demands concern renewables in particular: the displacement of fossil fuels and the faster expansion of renewables.

About 80 percent of greenhouse gas emissions come from burning coal, petroleum products and natural gas. Displacing fossil energies "quickly is the greatest lever for effective climate protection", according to the scientists. Key instruments for this, they said, are the CO₂-price, because it makes the use of fossil fuels less attractive than climate-friendly alternatives. To this end, the existing European trading system for emissions from power plants and energy-intensive industries must be merged with the upcoming system for emissions from the building and transport sectors now, and the transition to an overarching, EU-wide system must be planned. They also say Germany needs a significant increase in the planned CO₂-price path for fuels and heating to stimulate early investment in low-emission technologies.

In addition, the scientists urge a faster expansion of renewable energies. They see unused and cost-effective potential above all in solar and wind power. Here, capacities would have to increase to four to six times today's levels by 2045. To achieve this, the legally defined expansion corridors should be significantly increased, land use optimized, and local authorities and residents more involved in order to overcome resistance. The scientists also call for processes and procedures to be accelerated: At the current pace, they say, the required expansion cannot be achieved.

"However, one aspect is missing from the paper: financing", says Voigt. On the one hand, there is enough money available from private and institutional investors for the expansion of renewables. All surveys show that the infrastructure quotas in the portfolios of institutional investors should be increased. On the other hand, there is a lack of attractive projects. "This, in turn, leads to rising prices in the competition among bidders for the few plants and thus to declining returns for investors", says Voigt. "This reduces the attractiveness of this exciting asset class."

According to calculations by financial agency Bloomberg, global investment in renewable energy reached \$174 billion in the first half of 2021. While that was 1.8 percent more than in the first half of 2020, it was seven percent less than in the previous six months. This shows: To be sure, the industry is resilient despite rising feedstock costs. At the same time, however, investment is far below what countries and companies need to meet their goals to limit emissions in the coming decades. "To accelerate financing, we need attractive projects", Voigt said. "That's why we're already investing in project development for new plants to meet investors' appetite for investment."



More information: www.aream.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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