

Wind and solar farms - scarcity drives prices and returns

Düsseldorf, 11th May 2022 – Around the world, new plants for generating green electricity are being built at record pace. For project developers and investors alike this has both advantages and disadvantages: "On the one hand, the scarcity is driving up prices for components and services", says Markus W. Voigt, CEO of the aream Group. "On the other hand, investors with investments in the entire value chain can rejoice."

Anyone currently undertaking a wind or solar project must expect significantly longer lead and project times. "Up until now, many of the plants were built with service providers from Eastern Europe, as the domestic markets had already met their limits", says Voigt. "Now, however, the order books in Eastern Europe are so full that the price structure is balanced." This means that a Bulgarian service provider now receives the same price for services in Bulgaria as recently received only in Germany. "What we are seeing is that it is becoming less and less attractive for Eastern European companies to offer services in Western European countries", says Voigt.

At the very least, flexibility suffers as a result, and new construction projects can experience delays. In addition, component prices are on the rise or at least remain at a very high level. "Basically, the availability of critical components is an issue", says Voigt. "Especially short-term delivery times are difficult to implement at the moment." Whereas two years ago, delivery times for important parts such as for example transformers were still three to four months, today six to nine months are more the norm.

Anyone currently investing in individual projects will inevitably have to deal with these difficulties. "However, investors who enter into a portfolio of already existing parks and new construction projects actually benefit from the current situation", says Voigt. "Especially if the portfolio also includes project development." Existing projects are becoming more valuable in the face of rising prices and difficulties. New construction projects which are commenced with an experienced and well-connected project developer should also perform very competitively on costs.

"In the future, project developers will be able to choose their investors and business partners more and more, rather than the other way around", says Voigt. "Those who have good and well-established networks and are also cost-efficient in operating and monitoring the plants, for example by use of AI systems, will certainly be among the winners."

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.

Contact

AREAM Group SE
Kaistraße 2
D-40221 Düsseldorf
Tel.: +49 (0)211 30 20 60 42
E-Mail: info@aream.de
Web: www.aream.de

Press contact

news & numbers GmbH
Bodo Scheffels
Tel.: +49 (0)40 80 60 194 34
M: +49 (0)178 / 49 80 733
E-Mail: bodo.scheffels@news-and-numbers.de
Web: www.news-and-numbers.de