

## **Despite inflation: cost advantage of renewables grows**

*Düsseldorf, 14<sup>th</sup> July 2022 – The cost advantage of renewables over fossil fuels is expected to grow. Although plants for the production of green electricity have recently become significantly more expensive, wind and solar projects are much cheaper than new coal or gas-fired power plants. "In the long term, renewables will be able to extend their advantage even further", says Markus W. Voigt, CEO of the aream Group.*

The high inflation rates worldwide are not leaving renewable energies untouched: At the end of June, the cost of building new onshore wind turbines was seven percent higher than a year earlier. The costs for solar plants even increased by 14 percent.

Causes for the price increase include higher transport costs: shipping rates from Asia have fallen since their peak in September 2021, according to the Bloomberg financial agency, but are still five times higher than in 2019. "Shipping routes from Asia are crucial for the delivery of solar modules, inverters, batteries and other components", explains Voigt. In addition, prices for important metals such as aluminum, copper, cobalt and molybdenum are still at a comparatively high level. And finally, labor costs have also increased, especially in the USA.

Even though renewable energies for power generation have become more expensive: Their gap with fossil alternatives has continued to grow. For example, new onshore wind and solar projects are currently about 40 percent cheaper than global benchmarks for new coal or gas-fired power plants, according to Bloomberg. "And there's no reason to believe that fossil fuel costs will come down quickly", Voigt says. As a result, renewable energy projects will eventually amortize themselves more quickly, despite increased construction costs. To be sure, given booming demand, creating new renewable plants and parks remains a challenge. "But their long-term outlook continues to be very good, as all other energy costs are rising even faster", Voigt said.

It is not just the pricing mechanism; policymakers are also driving the transformation to a carbon-neutral economy. "That is of course to be welcomed", Voigt says. However, he said the new law, which aims to increase the share of wind, solar and hydro power to 80 percent of Germany's electricity consumption by 2030, is problematic. "Lofty plans sound good", Voigt says, "but expansion alone is not enough." Permits are issued slowly and there is already often a lack of capacity in the grid to feed in the green power. "It is important to create a holistic concept that includes all renewable energy sources", Voigt says.

More information: [www.arem.de](http://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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