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Global Renewable Energy Investment Powers to Record \$257 Billion

The sister publications, UNEP's Global Trends in Renewable Energy Investment, and REN21's Renewables 2012 Global Status Report were launched on 11th June 2012.

Against an increasingly rough and tumble competitive landscape, total investment in renewables excluding large hydro last year increased 17% to a record \$257 billion, a six-fold increase on the 2004 figure and 94% higher than the total in 2007, the year before the world financial crisis, says the UNEP report, **Global Trends in Renewable Energy Investment 2012**. The report was prepared by the UNEP Collaborating Centre for Climate and Sustainable Energy Finance in association with Bloomberg New Energy Finance. Although last year's 17% increase was smaller than the 37% rise recorded in 2010, it was achieved against the backdrop of a widening sovereign debt crisis in Europe and during a period of rapidly falling prices for renewable power equipment.

In more and more countries, renewable energy has outgrown its "niche player" status and now represents a significant and rapidly growing share of total energy supply. **REN21's Renewables 2012 Global Status Report** notes that during 2011, renewables continued to grow strongly in all end-use sectors - power, heating and cooling and transport. Renewable sources have grown to supply 16.7 % of global final energy consumption. Of that, traditional biomass's share has declined slightly, while modern renewable energy's share has risen. In 2011, renewable energy technologies continued to expand into new markets: around 50 countries installed wind power capacity, and solar PV capacity was moving rapidly into new regions and countries. Solar hot water collectors are used by more than 200 million households as well as in many public and commercial buildings all around the world.

In the power sector, renewables accounted for almost half of the estimated 208 gigawatts (GW) of electric capacity added globally during the year. By the end of 2011, total renewable power capacity worldwide exceeded 1,360 GW, up 8% over 2010; renewables comprised more than 25% of total global power-generating capacity (estimated at 5,360 GW in 2011) and supplied an estimated 20.3% of global electricity.

Photovoltaic module prices fell by close to 50%, and onshore wind turbine prices by around 10%. These changes brought these two leading renewable power technologies closer to competitiveness with fossil-fuel alternatives such as coal and gas. Solar generation surged past wind power to become the renewable energy technology of choice for global investors in 2011. Solar attracted nearly twice as much investment as wind, driving the renewables sector to yet another record-breaking year, albeit one beset with challenges for the renewables industry. Total investment in solar power jumped 52% jump to \$147 billion. Competitive challenges intensified sharply, leading to sharp drops in prices, especially in the solar market - a boon to buyers but not to manufacturers, a number of whom went out of business or were forced to restructure.

China remained the leader, with \$52 billion of renewables investment, excluding large hydro, closely followed by the US with \$51 billion. Europe remains the biggest region for dollars invested, with \$101 billion in 2011. Among the other major developing economies, the star performer was India, where the country's National Solar Mission helped to spur an impressive 62% increase in renewable energy investment to \$12 billion, the fastest investment expansion of any large renewables market in the world. In Brazil, there was an 8% increase to \$7 billion.

At least 118 countries, more than half of which are developing countries, had renewable energy targets in place by early 2012, up from 96 one year before, although some slackening of policy support was seen in developed countries. This weakening reflected austerity pressures, particularly in Europe, and legislative deadlock in the US Congress. Support for renewable power generation remains the most popular policy option with at least 65 countries and 27 states now having feed-in-tariffs (FITs).

“There may be multiple reasons driving investments in renewables from climate, energy security and the urgency to electrify rural and urban areas in the developing world as one pathway towards eradicating poverty—whatever the drivers the strong and sustained growth of the renewable energy sector is a major factor that is assisting many economies towards a transition to a low carbon, resource efficient Green Economy” says **Achim Steiner**, UNEP Executive Director.

“This sends yet another strong signal of opportunity to world leaders and delegates meeting in June at the Rio+20 Summit: namely that transforming sustainable development from patchy progress to a reality for seven billion people is achievable when existing technologies are combined with inspiring policies and decisive leadership,” he said.

Professor Dr. **Udo Steffens**, President and CEO of the Frankfurt School of Finance & Management says: “Renewables are starting to have a very consequential impact on energy supply, but we're also witnessing many classic symptoms of rapid sectoral growth -- big successes, painful bankruptcies, international trade disputes and more. This is an important moment for strategic policymaking as winners in the new economy form and solidify.”

Mohamed El-Ashry, Chairman of REN21 states: “Despite the continuing economic crisis in some key traditional markets, and continuing political uncertainties, more renewable energy was installed last year than ever before. Policies helped to drive renewable energy forward. Policy development and implementation were stimulated by the Fukushima nuclear catastrophe in Japan, along with improvements in renewable energy costs and technologies. As a result, renewable energy is spreading to more countries and regions of the globe. Globally there are more than 5 million jobs in renewable energy industries, and the potential for job creation continues to be a main driver for renewable energy policies.”

Highlights from different world regions/leading countries:

In the **United States**, renewables provided 12.7% of total domestic electricity in 2011, up from 10.2% in 2010, and 9.3% in 2009. An estimated 39% of electric capacity added in 2011 was from renewable sources, mostly wind power. Renewable energy sources accounted for about 11.8% of U.S. domestic primary energy production (compared with nuclear's 11.3%).

China again led the world in the installation of wind turbines and was the top hydropower producer and leading manufacturer of PV modules in 2011. Wind power generation increased by more than 48.2% during the year.

In the **European Union**, renewables accounted for more than 71% of total electric capacity additions in 2011, with solar PV alone representing nearly half (46.7%) of new capacity that came into operation.

Germany remained the third biggest market for renewable energy investment. Renewable sources met 12.2% of total final energy consumption and accounted for 20% of electricity consumption (up from 17.2% in 2010 and 16.4% in 2009).

Compared with other developing regions of the world, **Latin America** is far closer to achieving full energy access, particularly to electricity. Six Latin American countries expanded solar home systems which has resulted in the installation of more than 113.000 units in 2011.

In **Africa**, 8,432 new biogas plants were installed in nine countries in 2011 and production rates of biogas plants were up 100% compared to 2010.

Detailed country information is available on REN21's Renewables Interactive Map at www.map.ren21.net

As the world marks the UN "International Year of Sustainable Energy for All," the REN21 Renewables 2012 Global Status Report includes a special focus on rural renewable energy, based on input from local experts working from around the world. Renewable energy is seen increasingly as a means for providing millions of people with a better quality of life through access to modern cooking, heating/cooling and electricity.



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