News Release

WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

Green Investing Report Examines Ways to Reduce the Financing Cost for Clean Energy

1 April 2011

Kai Bucher, Associate Director, Media, Tel.: +1 212 703 2377, E-mail: Kai.Bucher@weforum.org

- The clean energy sector has remained surprisingly resilient despite the economic crisis, attracting nearly a quarter trillion dollars of new investment in 2010.
- Clean energy technologies are becoming more cost competitive due to sharp declines in equipment costs.
- Subsidies remain critical, but must be carefully crafted with taxpayers' interests in mind to avoid overpaying for clean energy generation.
- The report examines which policies have proven most successful to date – not just in spurring deployment, but also in paying the appropriate price for new capacity.
- More information about the report can be found here

New York – The clean energy industry has remained remarkably resilient during the economic crisis, with US$ 243 billion in new capital invested in the sector in 2010 (a 30% increase on 2009), according to a report released today by the World Economic Forum in collaboration with research firm Bloomberg New Energy Finance. The report, *Green Investing 2011: Reducing the Cost of Financing*, explores recent investment trends and examines which national policies are proving most efficient in spurring clean energy deployment.

Using a levelized cost of energy (LCOE) analysis that employs Bloomberg New Energy Finance's most up-to-date private sector data, the report highlights which policies result in appropriate prices being paid for clean energy – and which ones have resulted in significant overpayment.

The *Green Investing 2011* report – the third in a series on green investing published by the World Economic Forum – also finds that:

- Despite the US$ 243 billion invested in clean energy in 2010, there is still a considerable way to go to reach the estimated US$ 500 billion annual investment needed by 2020 to limit global warming to 2°C, a level that does not compromise economic growth.
- While over US$ 194 billion in government stimulus funding has been pledged to date for the clean energy sector, clean energy technologies such as solar and onshore wind already compete in some places without subsidies due to continued reduction in costs.
- Policy design is integral to reducing the cost of capital, hence ensuring that clean energy is available at the lowest possible cost.
- To build long-term consensus on clean energy, policy-makers should ensure that the benefits of lower costs of clean energy are passed on to consumers or taxpayers rather than accruing to the clean energy sector.

"The lesson of countries such as Spain, Germany, Italy and the Czech Republic in recent years is that, where generous policies lead, investment and clean energy deployment will surely follow," said **Michael Liebreich**, Chief Executive, Bloomberg New Energy Finance, United Kingdom, and co-author of the report. "The real question, though, is: how do you spur development without creating a boom/bust cycle and without overpaying? With budget belts around the world tightening, policy-makers owe it to their taxpayers and energy users to find the most efficient ways

of supporting the clean energy industry."

"We hope that this report will provide a valuable framework for decision-makers as they examine strategies to close the US$ 250 billion annual clean energy investment gap," said co-author of the report **Anuradha Gurung**, Associate Director, Investors Industry, World Economic Forum. "Closing this gap is fundamental to the transition to a low-carbon economy."

The first report from 2009, *Green Investing: Towards a Clean Energy Infrastructure* describes what a low-carbon energy system would look like, and estimates that it would require investments in clean energy to grow to US$ 500 billion per year by 2010 for global warming to be limited to 2°C so that economic growth is not compromised. *Green Investing 2010: Policy Mechanisms to Bridge the Financing Gap* focused on the range of policy tools that might help spur large-scale investments into clean energy.

Notes to Editors

- Become a fan of the Forum on **Facebook** at http://wef.ch/facebook
- Follow the Forum on **Twitter** at http://wef.ch/twitter and http://wef.ch/livetweet
- Read the **Forum Blog** at http://wef.ch/blog
- **Upcoming** Forum events at http://wef.ch/events
- Subscribe to Forum **News Releases** at http://wef.ch/news

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is tied to no political, partisan or national interests (www.weforum.org).

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

Incorporated as a foundation in 1971 and headquartered in Geneva, Switzerland, the World Economic Forum is impartial and not-for-profit; it is tied to no political, partisan or national interests (http://www.weforum.org).

WORLD ECONOMIC FORUM
World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, http://www.weforum.org