



RENEWABLE ENERGY SECTOR IS EXPECTED TO BOUNCE BACK QUICKLY DESPITE THE IMPACT OF COVID-19

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Despite the global slowdown caused by Covid-19, the renewable energy sector is expected to bounce back quickly as the long-term drivers for investment remain strong, according to the 55th EY Renewable Energy Country Attractiveness Index (RECAI).

The latest index considers the potential impact of the pandemic, looking at the resiliency of countries in both health and economic terms.

Released on the eve of Guernsey's Sustainable Finance Week, the report highlights how climate change and other environmental, social and governance (ESG) issues are being increasingly recognised as key determinants of a company's future value creation potential.

Institutional investors are demanding that businesses not only deliver financial performance, but also show how they make a positive contribution to society. As a result, companies are having to re-evaluate corporate strategies to curb emissions, enhance governance, and improve climate-related disclosures. This has resulted in institutional investors increasing the capital they are allocating to renewable energy infrastructure as a means to hedge their climate exposure, according to our analysis.

Peter Miller, Associate Partner at EY in Guernsey, said:

"There was much discussion around ESG earlier this year and this, along with climate change, is still the dominant long-term driver for renewable investment. As a result of Covid-19, pollution levels have fallen dramatically through reduced fossil fuel consumption. A greater focus on a sustainable long-term energy future therefore works in favour of clean energy.

"Guernsey continues to be in a strong position as a global leader for sustainable finance to attract investors looking to leverage these opportunities. As well as our existing green initiatives, Guernsey Finance's online inaugural Sustainable Finance Week will be a great opportunity to move the conversation forward and showcase what more Guernsey has to offer in this area."

For the first time since 2016, the US has secured the top position in the index, recognising long-term growth in offshore wind power. China's growth in renewables has slowed, as the government looks to wean the market off subsidies towards a more competitive landscape, but long-term growth forecasts remain optimistic.

The UK, ranked sixth, made a milestone proposal to re-include onshore wind and solar projects in the next contracts-for-difference auction, encouraging greater and more diverse renewable energy development.

The report examines how large-scale energy storage is critical to decarbonise electricity systems, as well as the conditions needed to encourage investment in utility-scale battery storage.

Mr Miller added:

"The renewable energy sector will prove resilient in the post COVID-19 world, with stakeholders looking to collaborate and invest in companies where climate change and sustainable development is embedded in their strategy. Guernsey remains in a strong position to support businesses in facilitating these continued discussions and decision making. Business leaders should take action to invest in renewables and related sustainable long-term projects, including energy efficiency, smart power networks and low-carbon transport infrastructure."

For the complete top 40 ranking, as well as an analysis of the latest renewable energy developments across the world, visit [ey.com/recal](https://www.ey.com/recal).

For more information about Sustainable Finance Week, visit the event website: <https://www.weareguernsey.com/finance-events/2020/sustainable-finance-week/>.

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