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Wind power: Executive summary

- Long-term growth prospects for the wind power sector remain good – climate change, energy security, electricity demand growth, improving competitiveness (LCOE -2% pa) – though PV generally has stronger momentum as the renewable energy of choice
- US$110bn was invested in wind power installations globally in 2016[1]
- Energy/Power majors are exhibiting increased interest in wind power, particularly the offshore segment, which draws on pre-existing skillsets (incl. balance sheet) and is sufficiently early-stage to accommodate new (generator) entrants
- European WTG OEMs have weathered the 2013-2014 sector downturn, helped by deep restructuring and consolidation
- Offshore wind has achieved sharp LCOE reduction in recent years, which should now allow the long-heralded 'hockey stick', though its potential to displace incumbent base load technologies is over-estimated in the medium-term
- Financing activity is dominated by projects (both under development and operating assets); new project financing sources are emerging (pension funds, green bonds …)
- Sector maturity and integration complexity entails that much of technology development is in-house at OEMs and/or major subsystem/component vendors, limiting start-up activity; new turbine concepts (small-/medium wind, direct-drive) are difficult to commercialise
- While VC interest in the wind power sector is generally low, investment opportunities are to be found in yield enhancement (hardware, software), cost reduction, grid integration, offshore wind (e.g. floating), and generally attract corporate investors …
- … however, lenders remain very cautious with regards to financing new technology (in projects)

1) IEA/IRENA