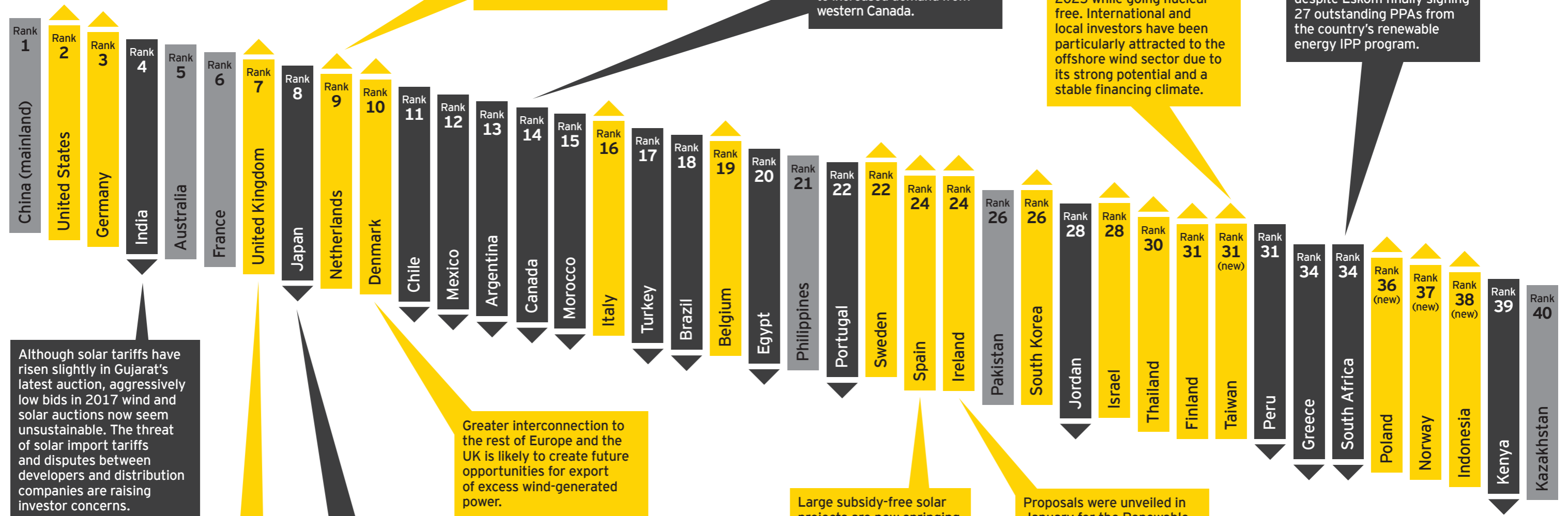


recai

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Renewables are expanding fast, as the Netherlands strives to meet its 14% EU target in 2020. Recent offers for unsubsidized offshore wind and a growing solar PV market are strong contributors.

Canadian wind installations fell sharply in 2017 to 340MW from 702MW in 2016 as eastern provinces cooled. Auctions such as the 700MW tenders in Alberta provide some optimism, pointing to increased demand from western Canada.

Taiwan has been taking action to increase renewables to 20% by 2025 while going nuclear-free. International and local investors have been particularly attracted to the offshore wind sector due to its strong potential and a stable financing climate.

Amidst coal-fired opposition, uncertainty continues for further new development, despite Eskom finally signing 27 outstanding PPAs from the country's renewable energy IPP program.

Although solar tariffs have risen slightly in Gujarat's latest auction, aggressively low bids in 2017 wind and solar auctions now seem unsustainable. The threat of solar import tariffs and disputes between developers and distribution companies are raising investor concerns.

Greater interconnection to the rest of Europe and the UK is likely to create future opportunities for export of excess wind-generated power.

Following a large drop in renewables investment in 2017, the UK is bouncing back, with subsidy-free solar PV and onshore wind projects for merchant generation as well as repowering of old wind farms.

More than 80 solar company bankruptcies have been reported in the past year due to sharp cuts in feed-in tariff (FIT) rates and extreme competition.

Large subsidy-free solar projects are now springing up, such as a 170MW PPA between BayWa r.e. and Statkraft, and a 660MW PPA between Audax Energia and Cox Energy.

Proposals were unveiled in January for the Renewable Electricity Support Scheme (RESS) with tech-neutral auctions due from mid-2019 replacing the former REFIT scheme. A new north-south interconnector has been approved, supporting plans for an extra 4.5GW by 2030.

Methodology

The Index was recalibrated in 2017, with all underlying datasets fully refreshed. To see a description of our methodology, please go to ey.com/recai.

Legend

- ▲ Increased attractiveness compared with previous index
- ▼ Decreased attractiveness compared with previous index