

Global**Renewable**Hub

Why**Renewables**



The case for renewables

The case for buying renewable power is becoming ever stronger, and a growing number of companies are doing it. Discover why the time is right for your business to switch to clean energy.

The 2017 Power Forward 3.0 report revealed that 63% of Fortune 100 corporations and 44% of Fortune 500 companies have at least one climate or energy target. The report, co-produced by WWF, CDP, Ceres and Calvert, said nearly two dozen Fortune 500 firms had now committed to power 100% of their operations with renewables.

To meet these targets, corporations have signed contracts to purchase nearly 19 GW of clean power since 2008, about the same amount of generation capacity in Portugal.

The market is growing fast: 76% of this activity has been since 2015. According to Bloomberg New Energy Finance, businesses were contracted to buy 5.4 GW of clean energy through Power Purchase Agreements during 2017 alone.

Market maturity

There are a number of reasons for this. The first is that the market has come of age in the last few years.

The cost of many renewable energy technologies has

plummeted, and in many markets, they are now competitive with other forms of power generation.

The International Renewable Energy Agency reports that by 2020, they will be cost-competitive in most countries around the world.

The market infrastructure for clean energy projects is now well-established. There is a strong portfolio and pipeline of products, and the financial community is comfortable with the characteristics of PPAs for renewable power generation.

At the same time, there are a number of initiatives that encourage companies to embrace clean energy, such as RE100, the Renewable Energy Buyers Alliance (REBA) and the Business Renewables Center.

As a result, it makes more sense than ever to procure energy from renewable sources.

Discover three key reasons why your company should be looking to switch.



168,000 MW

Amount of new renewable power capacity that came online in 2017, an annual increase of 8.3%.

(International Renewable Energy Agency)



Demonstrate your commitment

The global economy is set on a path of decarbonisation and businesses are expected to play a crucial role in the journey. Economic activity is the source of most GHG emissions but it also has the potential to provide the solutions.

Buying renewable power directly benefits the environment and supports the global shift towards cleaner energy. It is a significant — and very public — commitment, solidifying your company's reputation and brand value in the eyes of customers.

By switching to clean energy, your company shows customers, investors, employees and the wider community it is committed to sustainability.

Investors choose sustainable companies because of the growing evidence that it boosts returns in the longer term and because they want to invest in projects with wider environmental and social benefits.

This is further verified by Corporate Knights' Global 100 Report, running since 2005, that demonstrates the connection between the 100 most sustainable corporations in the world and better financial performance.



Driven by sharp cost reductions, combined with growing calls for sustainability among investors and consumers, renewables have become an attractive source of energy for corporate users around the world.

(International Renewable Energy Agency)



For more than a decade, this Global 100 Index has outperformed its MSCI All Country World Index benchmark.

More and more companies that have made their own commitments on clean energy then turn to their supply chains and ask them to take action, too.

Useful links

› corporateknights.com/global100

Reduce your financial risks

“Companies that prioritize clean technology, like renewables, and avoid investing in high-carbon infrastructure are not only being environmentally responsible, they are also future-proofing their growth by factoring in long-term risk and positioning themselves as winners of the low-carbon economy,” says the World Economic Forum.

A renewable power contract can reduce your risks:

- Lock in stable prices
- Remove the price volatility of fossil fuel power
- Help future-proof your business against regulation changes, as governments decarbonise their economies

The International Renewable Energy Agency says that renewable energy is now at least as cheap as other sources of electricity in many markets and all major clean energy technologies will be cheaper than fossil fuels by 2020.

A survey by the law firm Baker McKenzie further illustrates the financial and risk benefits of using a power purchase agreement (PPA) to source energy.

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Clean energy Power Purchase Agreements (PPAs) offer steady, predictable costs and long-term financial certainty.

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The company reports that “the primary motivation behind renewable PPAs is economic, with green/sustainable advantages as a runner-up. Some 60% of surveyed corporates exploring renewable PPAs cited economic factors as their primary reason for doing so, while 30% cited environmental motivations.”

Cut carbon emissions

The world is decarbonizing, and business and government are at the forefront of progress.

By choosing renewable power, your company can address its carbon emissions, meet sustainability targets and show commitment to initiatives such as the Sustainable Development Goals, Science-Based Targets, RE100 and CDP, formerly the Carbon Disclosure Project.

Procuring clean energy also allows you to demonstrate corporate responsibility by helping to meet climate change targets under the Paris Agreement and agreements at regional, state and city level — from the EU's renewable energy targets to the We Are Still In campaign in the U.S.

As Environmental, Social and Corporate Governance (ESG) becomes more of a central tenet for investment analysts, institutional investors are considering the sustainability rankings of the companies in which they invest more than ever.



40% of electricity generation is predicted to come from all renewable sources of generation by 2040, nearly double the 21% share in 2017.

(Bloomberg New Energy Finance)



A recent Deutsche Bank study found that companies with high ESG ratings have lower cost of debt and equity. Deutsche Bank also found that companies with high ESG ratings outperform the market in the medium (three to five years) and long (five to ten years) term.

Useful links

- › undp.org/content/undp/en/home/sustainable-development-goals.html
- › sciencebasedtargets.org
- › there100.org
- › www.cdp.net/en

Dedicated clean energy

Ensuring verifiable and traceable power supply

Given the growing focus on sustainability and decarbonization, it is important to ensure any green energy supply is verifiable and traceable. By investing in dedicated renewable power projects, companies can be sure they are supporting the production of 100% clean, sustainable energy. Companies that sign up for clean energy PPAs can also be reassured that they are helping project developers to invest in more renewable capacity.

Dedicated clean energy projects give businesses visibility over their power supply, and the knowledge that it is cutting emissions and is not just part of a utility's mix of different energy sources, which may include fossil fuels.

Building a business case for renewables

- **Renewable power is more than a step towards meeting corporate social responsibility objectives: it matters to clients, customers and investors**
- **Renewables can help manage future risks, from financial volatility to environmental damage**
- **Procuring clean, sustainable energy helps meet international efforts to reduce carbon emissions across the global economy**