

The renewable energy systems workshop brought together a lot of experience around venture capital investment in emerging green tech and the challenges facing entrepreneurs.

We heard from Adam Hinkley for GCA Asset Managers who specialize in energy, food and water. They have some 20 years' experience of investment in sustainability, for example assisting with IPOs for solar companies.

Performance of solar has been poor: risks are higher and returns lower. This is an important lesson: volume growth (solar 37%) does not necessarily generate returns.

Another lesson is that boom and bust cycles will persist as long as governments make rapid changes to their subsidies and other incentives. The lesson for renewables is to get off the subsidy bandwagon as fast as possible. And for investors: picking a winner is hard. Market share leaders change often. As technologies develop, we will see more efficient use of energy. Load growth will slow, so as the implementation of renewable energy technology increases we are likely to not see energy costs rising rapidly. If anything, the addition of solar and wind to the total production will lower prices and reduce the likely returns on investment. This is certainly a case where doing the right thing is not necessarily good business even if it is good for the planet.

Another important point with renewable is its intermittency: you might not be producing electricity when it is actually needed, which brings in a potentially disruptive technology: batteries.

Conventional electricity grids are designed to be able to handle peak demand, which can be many times above the average demand. If every house had a battery, the total energy production capability of the grid could be cut to a fraction of what it is today.

But grid is only one aspect. In the developing world, where for example Africa is only 19% grid-covered, investment in transmission lines does not make sense. Solar and wind solutions for self consumption are far more competitive than fossil solutions.

Blog Entries – *Guest Blog Post by Stephen Hinton about the Workshop C2 - Renewable Energy Systems: Opportunities for investors and lessons learned*  
Andreas Renner (Moderator)-CEO - The Global Exchange for Social Investment (GEXSI), Adam Hinckley- VP - GCA Investment Management, Kenneth Johansson - CEO - KIC InnoEnergy Sweden, Frederik van Deurs - Managing Partner - Green Tech Challenge

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